



# Developing Rural Health Network Boards

A Workbook for Executive Directors and  
Board Members

Edited by  
Robert L. Williams, Ph.D. &  
Carolyn Humphrey, Ph.D.



Georgia State University



Fanning Institute for Leadership  
University of Georgia

# Introduction

Welcome to a notebook on board development developed especially for rural health networks. This notebook reflects the experience of the Health Policy Center at Georgia State University and the Fanning Institute for Leadership at the University of Georgia. We are proud of our collaborative efforts with rural health networks spread across the country and thank them for their collective wisdom and experience that can be found in this notebook. We also need to thank the Georgia Office of Rural Health for funding that supported, in part, the development of this notebook.

This notebook offers both a group learning opportunity for boards and a self-directed learning opportunity for individual board members. By reading the sections that follow and completing the exercises that are included at the end of each chapter, individuals and groups can learn more about their health network, their boards, and their individual perspectives on what makes for good board work.

Contributors to this notebook are faculty and staff of the Health Policy Center and the Fanning Institute for Leadership, including Tina Anderson Smith, Sheila Humberstone, Althea Rutherford, Claudia Lacson, Lindsey Lonergan, Catherine Liemohn, Eric Martin, John Jeffreys, Brendan Leahy, Lori Hunter, Dionne Rosser-Mims, Suzanne Smalley, Maritza Soto Keen and David Mills.

We have also drawn upon other resources that have studied and worked with boards of all shapes and sizes. Other resources will be found throughout the notebook, but we would like to thank the folks at BoardSource who have deepened and expanded our thinking about leadership and boards. Our colleague, Tom Holland, at the Center for Non-Profits at the University of Georgia, has also shaped our thinking, both in personal conversations and through his research and writings.

This notebook contains nine chapters:

**Chapter One—Board Structure and Operations:** This chapter provides a historical overview of the beginning of boards, why they exist and how they are structured, including operations and governance.

**Chapter Three—Planning:** This chapter concentrates on the alignment of the board's purpose and goals and how that alignment underpins or supports the board's work. It includes ways to get clear about purpose and goals, engage in strategic planning, identify common values, and align the work of the board with those values.

**Chapter Two—Rural Health Networks and Boards:** This chapter covers the special purposes and the setting in which rural health networks operate.

**Chapters Four & Five—Taking Inventory:** These two chapters will present information on how and why to assess strengths and areas of needed improvement for the board. Included in taking inventory will be how to assess how the board matches the needs and expectations of the community, how well it reflects the qualities of non-profit organizations, and the relative strengths and weaknesses of board members and key staff.

**Chapter Six—Communications and Relationships:** This chapter will focus on communication-related information for board effectiveness, issues of trust, and advocacy among internal to the board and to the community at large.

**Chapter Eight—Resource Development and Resource Management:** This chapter will present pertinent information to develop, manage and grow board resources, including money, people and time.

**Chapter Seven—Leadership:** This chapter will explore various leadership components necessary for effective board programming and relationships.

**Chapter Nine—Meeting Management and Member Responsibilities:** This chapter will provide information on best meeting practices and how to get the most from your meeting. It will also focus on guiding principles for individual board members, including officers and the executive director. It will further explore various responsibilities and expectations that go with each position.

This is not a book to be read in one sitting or a book to help put you to sleep at night. Instead, we have attempted to create an interactive resource that we hope you will work with in small doses, interspersed with conversations with your fellow board members with reflections about what various sections of this notebook mean for your Board.

There are no grades for this self-directed learning process, but there is a test. One of the keys to success for health networks that have formed and thrived in difficult situations has been the quality of its board, both as individuals and as a group. If you seek to understand the principles and practices in this notebook and put them to work with your board, we think your network will improve access to health care and improve the health status of your community.

# **Chapter One**

## **Board Purpose and Structure**

### **Overview**

- The origin of boards
- Responsibilities and functions of a board
- Defining board structure
- Defining board size
- Defining board committees
- Forming a nonprofit organization: A checklist
- Articles of incorporation and bylaws
- Models of governance
- Policies and how they relate to the organization
- Legal considerations for individual board members

### **The Origin of Boards**

To understand how boards function; one needs to understand the history and origin of boards in general. The first boards were outgrowths of the earliest trading partnerships of the 16th and 17th centuries in which each investor wanted a vote on major decisions. Boards came to represent powerful coalitions of private business interests and significant economic engines for the growth of Europe. These early boards also had a darker side: if those partners really trusted one another, would they ever have created a board in which dynamics and decision-making would be so complex?

The historical record is less clear as to the ancestors of nonprofit boards. However, the common purpose for forming early nonprofit boards appears to have been to gather together benefactors. The historical irony is that these benefactors were brought together to oversee charitable projects, often for the same reason that trading partners came together: they wanted some say in the decisions about how their money was used. Charitable organizations needed benefactors, but they also needed some distance from the changing interests of a donor.

For the most part, the two “branches” of the board family developed separately up until the middle of the 20th century. (Helen Astin and Carole Leland, in their book *Women of Vision; Women of Influence*, suggest that was, in part, due to the fact that most for-profit boards were almost exclusively male and most nonprofit boards were predominantly female.) Structure, values, purpose, operating principles, legal considerations, and a host of other attributes caused the two types of boards to evolve differently. While those differences remain to this day, changes in societal and legal views and the membership of both for-profit and nonprofit boards have blurred some of the distinctions. The benefits from this cross-fertilization are obvious: for example, not-for-profit boards spend more time with business planning to ensure continued resources for social needs and for-profit boards include broader social and environmental considerations in their business planning.

But the differences remain. For the purposes of this book, the focus is on nonprofit boards. Some of the concepts, though, are borrowed from knowledge and experience of the for-profit board. The caution to the reader is to remember that any experience on a for-profit board may be helpful to a nonprofit board, but only with careful translation. A board member with years of for-profit board experience may call for greater accountability from a nonprofit board without the skills to translate the quantitative and short-term “bottom-line” accountability of for-profits into the much less precise qualitative or long-term accountability of a nonprofit.

## **Responsibilities and Functions of a Board**

The role of the nonprofit board is to plan for the future, hire and manage the lead executive, approve policies and ensure adequate resources to fulfill the organization’s mission. In order for boards to function effectively, it is important to reduce the many ambiguities that inevitably accompany the role of the board by clarifying and distinguishing the responsibilities of the board as a collective entity and those of individual board members. In the view of the National Center for Nonprofit Boards:

- The responsibilities of the board and board members are fundamentally the same for all organizations
- How boards and board members actually fulfill their responsibilities will vary according to, among, other things, whether the organization is membership-based, whether its budget and staffing levels are modest or substantial, and whether it is newly formed or has long history of growth and development.
- No generic model of board size, composition, or organization has proven itself viable in all circumstances. There is, however, evidence to suggest that there are certain structures, policies, and practices that consistently work better than others.
- All organizations undergo a metamorphosis over time that calls for periodic review, fine-tuning, and sometimes major overhaul of their governance structures.
- Boards and board members perform best when they exercise their responsibilities primarily by asking good and timely questions rather than by “running” programs or implementing their own policies. Board and staff relationships are what they should be when mutual expectations are agreed upon and issues and responsibilities clearly defined.

Regardless of the specific purpose or structure of a board, below are ten basic responsibilities that seem to affect all boards (see Chapter 10 for more information on board member responsibilities).

### **1. Determine the Organization’s Mission and Purpose**

A statement of mission and purpose should articulate the organization’s goals, means, and primary constituents served. It is the board of directors’ responsibility to create the mission statement and review it periodically for accuracy and validity. Each individual board member should fully understand and support it.

### **2. Select the Executive**

Boards must reach consensus on the chief executive's job description and undertake a careful search process to find the most qualified individual for the position.

**3. Support the Executive and Review His or Her Performance**

The board should ensure that the chief executive has the moral and professional support he or she needs to further the goals of the organization. The chief executive, in partnership with the entire board, should decide upon a periodic evaluation of the chief executive's performance.

**4. Ensure Effective Organizational Planning**

As stewards of an organization, boards must actively participate with the staff in an overall planning process and assist in implementing the plan's goals.

**5. Ensure Adequate Resources**

One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfill its mission. The board should work in partnership with the chief executive and development staff, if any, to raise funds from the community.

**6. Manage Resources Effectively**

The board, in order to remain accountable to its donors, the public, and to safeguard its tax-exempt status, must assist in developing the annual budget and ensuring that proper financial controls are in place.

**7. Determine and Monitor the Organization's Programs and Services**

The board's role in this area is to determine which programs are the most consistent with an organization's mission and to monitor their effectiveness.

**8. Enhance the Organization's Public Image**

An organization's primary links to the community, including constituents, the public, and the media, is the board. Clearly articulating the organization's mission, accomplishments, and goals to the public, as well as garnering support from important members of the community, are important elements of a comprehensive public relations strategy. Board members serve not only as a link between the organization's staff or volunteers and its members, constituents, or clients, but also as the organization's ambassadors, advocates, and community representatives. An ambitious and effective public relations program ensures a healthy and accurate public image for the organization. Written annual reports, timely and informative press releases, and consistent communication initiatives with the community and government leaders, and timely speeches by appropriate board members to civic and community groups are important elements of a comprehensive public awareness strategy.

**R.I.P.**  
*Here lies an  
executive director.  
She was pecked to  
death by her board.*

**9. Serve as a Court of Appeal**

Except in the direst of circumstances, the board must serve as a court of appeal in personnel matters. Solid personnel policies, grievance procedures, and a clear delegation to

the chief executive of hiring and managing employees will reduce the risk of conflict.

#### **10. Assess Its Own Performance and Performance of Organization**

By evaluating its performance in fulfilling its responsibilities, the board can recognize its achievements and reach consensus on which areas need to be improved. Discussing the results of a self-assessment at a retreat can assist in developing a long-range plan. The board's fundamental role begins with the question of whether current and proposed programs and service are consistent with the organization's stated mission and purposes. Given limited resources and unlimited demands on them, the board must decide among competing priorities. Financial and programmatic decisions should not be made independently.

### **Lifecycles of Boards**

Understanding the general history and origin of boards provides only part of the story. All nonprofit boards also display some similarities in their lifecycles. John Kimberly and Robert Miles, in their book, *The Organizational Life* (1980), describe four phases in the lifecycles of boards.

***Entrepreneurial Board.*** The entrepreneurial phase of the board generally, but not always, occurs early in the history of the organization. Because of the newness of the board and the organization, the lack of resources, and the formative stage of the organization is characterized by a low sense of security, few members on the board, limited cash flow and resources, and no collective history of performance. The board needs members who are creative types, fundraisers and "recruiters."

***Systems Board.*** During the systems phase of the board, the board focuses on larger, more internal issues such as policies, building capacity, staffing, attracting partners and initial programming. While there is significant growth and development, the board is typically more certain about direction and purpose. Growth and successes are celebrated, but often bring more challenges. As the organization develops and changes, the division between staff and board grows. The board finds it needs more team-oriented board members with an eye for the mechanics of organization.

***Strategic Board.*** After a period of growth and successful programs, boards often transition into a phase in which they find they have to focus on the "big picture" and the long-range opportunities and threats to the organization. The board finds it important to develop relations that are more external. The organization and the board are typically in the prime of organizational life and board performance. Big questions emerge that are often divisive and rarely easily solved. The board finds it needs more visionaries, conceptual thinkers and members open to change.

***Transformational Board.*** At various times in the life of a board, the changes in the environment, in the purpose of the organization, in the resources available, in plateaus in performance, in missed opportunities, and in interest, the board finds it has to focus on

“death or re-birth.” At the very time the board has to focus on major changes, board members experience a sense of low security because of external threats and deflation within. The board is often filled with competing and vested interest at the very time it needs members who are risk takers and challengers, but who are committed to the values and purposes of the organization.

Lifecycles do not always follow the same sequence, and the lifecycle does not always reflect a clear differentiation among phases. However, six strategies tend to help boards make transitions from one phase to another. The six include: (1) recasting board roles and tasks; (2) rethinking board selection process; (3) “recruiting” new staff with new skills (usually hiring without firing); (4) retraining board and staff; (5) redeveloping or restructuring programs; and (6) encouraging risk taking.

### **Defining Board Structure**

It is often said that the organization of a nonprofit board must begin with the end result in mind (Drucker, 1990; Duca, 1996; Robinson, 2001; Weisman, 1998). In addition to doing good work, it is the very structure of the organization and board that will dictate its successful performance. Before performance can be measured, planners must think through what they want the desired results to be and how performance will be defined. For example, if an organization is focused on cancer, they may have to decide if they will measure success by caring for patients; by producing research that contributes to disease prevention; or, by educating the community on cancer issues. While it might be tempting to try and be successful in multiple areas of a cause, the organization of a nonprofit and its board must focus on available resources and results.

According to a Harvard Business Review study on nonprofits published in 1996 (Taylor, Chait, & Holland), there are traditional ways of structuring a board, and then there are the “new” ways to structure a board. The study, based on 12 years of research, stated that most of the nonprofit organizations examined did not function nearly as effectively as they could. While there were many reasons cited for the dysfunction, most pointed to problems with the structure of the board and its resulting process. For example, board members may not have had the specialized knowledge needed to understand the work of the organization, or because there was little individual accountability built into the structure, board members were not fully focused on the board tasks.

Schroeder (in Weisman, 1998) believes that boards must decide if the content of their work should drive the structure, or if there should be a structure in place before the work of the board begins. Extending the cancer organization example above, if the board wants content to dictate their structure, then they would decide if one or all three of the areas above (patient care, research or education) was their priority and develop their board structure around that. Perhaps they would create committees relevant to each area. If that same board wanted a structure in place before they decided on priorities, they may first create an organization that included traditional committees, such as executive, finance, nominations, public relations and resource development, without knowing what their goals were.



The latter example above is a traditional model of board management. For years, nonprofits have put structures in place of various executives (board chair, secretary and treasurer) and committees before fully considering the actual work they would engage in. While this model has certainly been successful, Taylor, Chait and Holland's (1996) work suggests that another model should be considered. According to their theory, if the cancer organization decided to let the content of what they wanted to do be their guide in organizing the work of their board, they would be implementing a "new work" strategy.

A board concerns itself only with the crucial issues central to the success of the organization.

- The board's work is driven by results that are connected to specific timelines.
- The work of the board is clearly linked to measures of success.
- The work engages both internal and external constituencies so that high levels of interest are generated and participants want to be active and supportive.

The study also found that if a board does not organize itself in a way that is focused on work, results and involving others, that board members can become disillusioned and dissatisfied. Surveys of boards that were organized traditionally commented that their work could at times feel trivial and unrelated to the success of the organization as a whole. In addition, they complained that traditional board meetings were boring and they had little opportunity to really influence strategic issues and outcomes.

So how does a board that wants to include a focus on assessment go about deciding if it should organize traditionally or examine the options of the "new work" model? Both models can build evaluation into their structure. A traditional board will most likely have to sort through all of the work it is doing in various areas to determine what should be evaluated. In the Taylor, Chait, Holland model, evaluation is central to the work itself through the focus on crucial issues that are already linked to timelines and measures of success. In other words, a board that is organized according to the "new work" model is consistently focused on assessment and results. The entire structure of the organization is grounded in defining success and linking it to outcomes. A traditionally structured board, however, is not set up initially to evaluate its work (mainly to do work and make decisions) and must build in ways to measure the success of each element of its organization. For example, the board must decide which part of the current work of the executive or finance committees warrants evaluation. They must also create some parameters by which the board can define what success looks like, sometimes in the middle of the work itself.

Boards that are already organized in a more traditional manner should not immediately abandon a structure that is working well to serve their communities/organization. In order to improve assessment capabilities, some of the essential elements of the "new work" model can be integrated into traditional structures. The bottom line is that organizing according to a pure "new work" model or a hybrid will focus the board on the importance of consistently evaluating work. The ultimate goal is to develop a board structure that is assessing its performance, examining outcomes and continually learning to improve what it does to serve its constituents better.

Taylor, Chait & Holland (1996) outline the following guidelines for organizing or reorganizing boards for the "new work:"

- **Find out what matters:** Each board member should be responsible for understanding the critical issues and asking questions. This work should not be left up to the chair, executive director or executive committee only. The board works together as a team to determine important issues, what the agenda of the organization should be, and what stakeholders and other industry experts think. The article gives an example of a board that ranks the most important challenges facing them each year and then creates their committees to mirror each priority.
- **Get to know stakeholders:** To understand what matters takes communication with constituents. Boards should not insulate themselves from those they are trying to serve. This includes consulting experts or recruiting them to be part of the board itself. Internal and external experts can help the board understand changes in client demographics, trends in public policy and competition. In one example, the authors describe the board members of a United Way chapter who agreed to interview five community leaders each to learn what they could do to improve community support for their work.
- **Decide what needs to be measured:** The authors suggest that the board should identify 10-12 critical indicators of success and track them consistently. The goal is to influence the indicators in a positive direction. Some boards review the indicators at each meeting and make sure each member has a copy of them as a constant reminder. For example, one indicator of success for a board that is trying to improve access to various health care options may be increased usage of health services by minorities over a 12-month time period and/or increased satisfaction of the services provided as rated by minority users.
- **Organize around what matters:** Instead of organizing according to function (for example, public relations, finance and executive committees), consider organizing according to the board's priorities. Therefore, the substance of the work dictates the structure, and the work groups formed mirror strategy. One group formed four flexible councils that served as umbrellas for clusters of changeable committees. One advantage of work groups that can be set up and discarded is that it allows for multiple leadership opportunities and prevents senior members from dominating certain committees.

Schroeder (1998) who bases his board organization tips on the “new work” model, but also adds his own spin for those who are already structured traditionally, makes the following suggestions about organizing the basic structure of a board:

1. Evaluate the current structure every couple of years. Just because it has always been that way, don't keep a structure that is ineffective. Tradition should not stand in the way of productivity and the enjoyment of board members.
2. Evaluate all individual members, including the chair, as part of the board self-evaluation process. This ensures that the best team is on the board.
3. If the bylaws give the executive committee too much power, they may end up doing the work of the whole board. Limit their authority so that board members do not feel left out of the decision-making process and lose interest.

4. When forming committees, ad hoc groups or advisory bodies, consider creating them around the work that is essential. Try to limit the number of standing committees.

Overall, there is no tried and true way of organizing the structure of a board of directors. Each nonprofit has unique characteristics that must be reflected in the way it does its work. The common element of all effective boards, however, is their ability to build in a system of continuous assessment. Each board must remain flexible and adaptable enough to change when evaluation suggests that change is needed. Duca (1996) recommends that to remain flexible in times of change, boards should consider organizing around the simplest structure possible. In addition, that structure should attempt to unify members instead of compartmentalize them. To do this, work should flow in an orderly fashion and roles and responsibilities should be clear to all members. This includes establishing clear reporting and management procedures. Finally, the structure of the board should attempt to constantly engage all members in the collective work of the board. Ultimately, for better or for worse, it is the members who will carry forth the structure that has been defined. Thus, it is essential to put considerable thought into how that structure can be most effective and how it can be periodically assessed.

### **Defining the Size of the Board**

In 1994 the National Center for Nonprofit Boards conducted a survey of approximately 5,000 boards across the nation. According to the study, the size of the board was directly related to the size of its budget. A little less than half of boards surveyed with budgets over \$1 million had more than twenty members. Board sizes across the study ranged from one to five members (1% of the sample) to 41 members or more (4% of the sample). The average board size was 19 members with the majority of organizations stating they had between 11 and 25 members. Religious organizations reported the largest average number of board members (24.27), and health care organizations reported one of the smallest average numbers (17.16).

While there are legal factors to consider in board size (for example, some states require a certain number of board members), determining the appropriate number of people is really an art that balances the effectiveness of a small, nimble group with the diverse, multiple perspectives of a large group. Bowen (1994) states that the size of a board matters greatly because there appears to be a strong relationship between the size of a board and how effectively it can function. Board organizers should reflect conscientiously on why they want a board of a certain size. A large board, for example, more than 30 members, is usually created to include as many different constituencies as possible. The reasoning is that there may be better ways of solving community problems if there are opportunities for interactions among a variety of voices. The broadest range of perspectives can be represented and decision-making can be more democratic if more people are involved (Duca, 1998).

The disadvantages of a large board are that it may be difficult at times to work together as a team. The large number of people could mean that most work must be delegated to committees, and the actual function of the board is to “rubber stamp” the committee decisions without considering the issues as a whole body. In addition, members may feel less accountable for the actions of the board

and may find reasons to not prepare for board meetings because “someone else will know what is going on.”

Proponents of small boards argue that decision making is clearer and less confusing with fewer people. Smaller numbers of people can also create a greater sense of camaraderie as well as efficiency. However, the membership of small boards may lack the diversity needed to effectively represent the board’s constituency. In addition, if there is a lot of work to do and only a few people to accomplish it, board member turnover may be an issue (Duca, 1998). One suggestion by Schroeder (1998) is to look at the board size of similar organizations, not necessarily the history that has dictated the size of your own.

As in the overall structure of the board, there is no magic number that boards can pull out of a hat to tell them how to optimize their work. In addition to considering the points suggested in this section, it will be important to compare the work that is critical and essential to the board with the number of people board organizers are planning to recruit. Again, the number of directors that makes sense for individual boards will strive to incorporate the characteristics that are unique to them.

### **Defining the Committees**

Establishing committees is one of the main strategies boards use to accomplish their work. Assessment typically enters the world of committees when a board is attempting to match new members with an appropriate committee; or, when evaluating the work of the committee. A self-assessment that documents the interests and experience of board members can provide an excellent tool for assisting the person/s in charge of committee assignments. In addition, a team evaluation or program evaluation is a good way to look at committee process and outcomes (see chapter 6, Taking Inventory: Part II). In terms of the individuals serving on committees, personal assessments of their development can be used when the committee structure is established to not only advance the board’s work, but also to serve as opportunities for members to try out positions of responsibility and leadership.

Clearly, committees are powerful elements of a board’s structure. Used wisely they can assist the full board in making excellent decisions, completing work, and in providing training grounds for up and coming leadership. In Slesinger and Moyers’ (1995) survey for the National Center for Nonprofit Boards, they discovered that on average, nonprofit boards have 6.6 standing committees each. The most popular types of committees, according to the survey, were executive, finance/budget, nominating, development/fundraising, program and long-range planning. Organizing a board by creating standing committees that fit these descriptions would be termed a “traditional” type of organization by Taylor, Chait & Holland (1996). In their “new work” model, boards would organize their committees by prioritizing their work, and creating temporary committees that directly fit the work needs.

In his “governance-theory” board model, Carver (1997) offers a third option for committee organization. The “governance-theory” structure stresses that the board’s primary work should be done as a holistic body. Specifically, Carver believes that dividing work through the use of committees can take away from the effectiveness of the board. He suggests starting with no

committees and then only adding them if really necessary. The main function of committees in Carver's view is to help the board review policy and make more fully informed decisions before choosing a course of action. Thus, the tasks of committees are to focus on areas of policy related to goals, executive limitations and board processes rather than to perform administrative functions.

Similar to the "new work" theory, Robinson (2001) encourages board planners to drop traditional committee structures and start from scratch each year. Her functional committee structure begins with asking the question: "Why should the committee exist and what will it do?" This is altogether different than asking, "What does the finance committee need to do this year?" The distinction is that this structure defines the committee by describing what the board needs from the committee, not what the committee needs to do to keep itself useful to the group. This committee organization strategy also begins with assessment in mind. If a committee does not have a specific, measurable charge, then it is not formed.

In a final note on organizing committees, Schroeder warns that they can become "mini-boards" in and of themselves that are isolated from other board members and board processes. He suggests that in the organization of the board structure, the bylaws place some limits on the authority of committees. These limits should not only keep the committees from abusing their own authority, but also encourage them to have an educational function and to make full use of the talents of the whole board.

Regardless of whether a board chooses to structure its work through "traditional" committees, "new work" committees, the Carver Governance model, or other creative solutions, evaluation will play a key role in monitoring the success of any subcomponents of the overall board. Newer board structure models, such as those described above, build in evaluation from the start. Those boards implementing a traditional structure may want to revise their committee organization to maximize and enhance their assessment capabilities. All committees will have goals to achieve. Assessing the processes that carry them toward those goals and the outcomes that follow afterwards is essential to the success of the committee and, ultimately, the board and organization.

Much of the decision-making work of many nonprofit boards is managed through committees. Committees can serve as an important mechanism for actively involving all board members in the agency's work, and for board leadership to emerge.

### **Do all Boards need Committees?**

Most boards have committees because smaller groups can work more efficiently and less formally. (The number of committees should be limited so that individual workloads can be kept manageable: if board members sit on two or three committees, their time is spread too thin for the committees to be effective.) Committees can play a helpful role in building teamwork among larger boards. While they require more administrative management from the staff and board president, they also divvy up tasks and expertise efficiently.

Increasingly, some boards choose not to have any committees at all. In some cases, work can be more efficiently performed by individual board members working directly with staff (such as the treasurer working directly with staff on financial affairs). In other cases, an ad hoc committee or

task force is formed to complete a particular task within a few months. Many board members feel more comfortable signing on to a temporary, ad hoc committee than to a permanent standing committee. In addition, assigning responsibilities to individuals rather than to committees may result in fewer meetings and more efficient work.

### **What is a Board Committee supposed to do?**

The role of a board committee can be to prepare recommendations for the board, to decide that a matter doesn't need to be addressed by the full board, to advise staff or, in some cases, to take on a significant project. For example, a detailed review of the cash flow situation may take place on the finance committee, which then recommends to the board that a line of credit be established.

Although the full board is responsible for the decision they make, board members rely on the diligence and thoughtfulness of the finance committee in making the recommendation. In another example, the fundraising committee will develop a fundraising strategy which is brought to the board for approval. Anyone on the board can object, and the board can still reject the plan or ask the committee to revise it. Over time, committees gain the confidence of the board by doing their work well.

### **Can People Other than Board Members Serve on Committees?**

In some organizations, board committees are comprised only of board members. In other organizations, committees have both board members and non-board members. For example, a Latino organization may have a site relocation committee comprised equally of board members (who are all Latino) and non-board members (some of whom are Latino and some of whom are not). Having non-board members on committees invites specialized expertise from people who may not have time to serve.

### **What are the Various Types of Committees?**

It goes without saying that there is no one-size-fits-all committee list for boards, or what the responsibilities or activities should be for each committee. The following descriptions are intended to portray various functions that are often conducted by board committees. Note that the following lists are not intended to suggest that all of these committees exist within one organization; it is ultimately up to the organization to determine which committees should exist and what they should do for that organization. Committees and their assignments are often specified in the bylaws.

### **Principles to Guide Formation of Committees**

1. Establish committees when it's apparent that issues are too complex and/or numerous to be handled by the entire board.
2. For ongoing, major activities, establish standing committees; for short-term activities, establish ad hoc committees that cease when the activities are completed. Standing committees should be included in the bylaws.
3. Committees recommend policy for approval by the entire board.
4. Committees make full use of board members' expertise, time and commitment, and ensure diversity of opinions on the board.

5. They do not supplant responsibility of each board member; they operate at the board level and not the staff level.
6. Committees may meet monthly (this is typical to new organizations, with working boards), every two months, or every three months; if meetings are not held monthly, attempt to have committees meet during the months between full board meetings.
7. Minutes should be recorded for all board meetings and for executive committee meetings if the bylaws indicate the executive committee can make decisions in place of the board when needed.

## **Developing Committees**

1. Ensure the committee has a specific charge or set of tasks to address, and ensure board members understand the committee's charge
2. Have at least two board members on each committee, preferably three
3. Don't have a member on more than two committees
4. In each board meeting, have each committee chair report the committee's work since the past board meeting
5. Consider having non-board volunteers as members of the committee (mostly common to nonprofits)
6. Consider having a relevant staff member as a member of the committee
7. Committee chairs are often appointed by the board chair; consider asking committees members to volunteer to chair
8. If committee work is regularly effective, and the executive committee has a strong relationship with the chief executive, consider having board meetings every other month and committee meetings in months between the board meetings
9. The chief executive should serve ex officio to the board and any relevant committees (some organizations might consider placing the chief executive as a member of the board—this decision should be made very carefully)

## **Should a nonprofit board have an executive committee?**

A governing board may form an executive committee to act on its behalf when a full board meeting is not possible or necessary. An executive committee can be an efficient tool, but not every board needs one. An executive committee should never replace the full board.

Here are some situations that might warrant using an executive committee:

- You have a large board. A smaller group authorized to act on its behalf in certain circumstances can speed up decision-making.
- Your board members are scattered all over the country. It is easier for a core group to get together during an emergency.
- Your board regularly needs to take action or make frequent decisions. Certain financial and legal matters do not require full board meetings. When necessary, an executive committee can efficiently move things forward.

It is important to remember that, even though an executive committee may be granted special powers in the bylaws, the full board should always validate the decision in its next meeting.

## Potential Standing Committees

The following descriptions are intended to portray various functions often conducted by standing board committees; for example, committees that exist year round (RulesOnline, 2003). As mentioned previously, note that the following list is not intended to suggest that all of these committees should exist; it's ultimately up to the organization to determine which committees should exist and what they should do.

<i>Potential Standing Committees</i>	<i>Their Typical Roles</i>
Board Development	Ensure effective board processes, structures and roles, including retreat planning, committee development, and board evaluation; sometimes includes role of nominating committee, such as keeping list of potential board members, orientation and training
Evaluation	Ensures sound evaluation of products/services/programs, including outcomes, goals, data, analysis and resulting adjustments
Executive	Oversee operations of the board; often acts on behalf of the board during on-demand activities that occur between meetings, and these acts are later presented for full board review; comprised of board chair, other officers and/or committee chairs (or sometimes just the officers, although this might be too small); often performs evaluation of chief executive
Finance	Oversees development of the budget; ensures accurate tracking/monitoring/accountability for funds; ensures adequate financial controls; often led by the board treasurer; reviews major grants and associated terms
Fundraising	Oversees development and implementation of the fundraising plan; identifies and solicits funds from external sources of support, working with the development officer if available; sometimes called development committee
Marketing	Oversees development and implementation of the marketing plan, including identifying potential markets, their needs, how to meet those needs with products/services/programs, and how to promote/sell the programs
Personnel	Guides development, review and authorization of personnel policies and procedures; sometimes leads evaluation of the chief Executive; sometimes assists chief executive with leadership and management matters
Product / Program Development	Guides development of service delivery mechanisms; may include evaluation of the services; link between the board and the staff on program's activities
Promotions and Sales	Promotes organization's services to the community, including generating fees for those services



<i>Potential Standing Committees</i>	<i>Their Typical Roles</i>
Public Relations	Represents the organization to the community; enhances the organization's image, including communications with the press

## Potential Ad Hoc Committees

The following descriptions are intended to portray various functions often conducted by ad hoc board committees; for instance, committees that exist to accomplish a goal and then cease to exist. Note that the following list is not intended to suggest that all of these committees should exist; it's ultimately up to the organization to determine which committees should exist and what they should do (RulesOnline, 2003).

<i>Potential Ad Hoc Committees</i>	<i>Their Typical Roles</i>
Audit	Plans and supports audit of major functions, such as finances, programs or organization
Campaign (nonprofit)	Plans and coordinates major fundraising event; sometimes a subcommittee of the fundraising committee
Ethics	Develops and applies guidelines for ensuring ethical behavior and resolving ethical conflicts
Events (or Programs)	Plans and coordinates major events, such as fundraising (nonprofits), teambuilding or planning; sometimes a subcommittee of the fundraising committee
Nominations	Identifies needed board member skills, suggests potential members and orients new members; sometimes a subcommittee of the board development committee
Research	Conducts specific research and/or data gathering to make decisions about a current major function in the organization

## Forming a Nonprofit Organization: A Checklist

While the first half of the chapter focused on the structure of the board, the second half emphasizes board operations or how that structure carries out the work that is to be done. Actually doing the work is also guided by articles of incorporation and bylaws as well as board policies and what model of board governance is chosen. Most of the boards using this notebook will have already formed their organization. This section will be most useful to the newly forming organization. However, it is also an important guide for seasoned boards so that they may check on the progress they have made. Keep in mind that anything less than 100% compliance on the checklist below suggests more work is needed! Every nonprofit organization must have a carefully developed structure and operating procedures in order to be effective at fulfilling its purpose. Good governance starts with helping the organization begin on a sound legal and financial footing in compliance with the numerous federal, state, and local requirements affecting nonprofits.

- ✓ **Determine the purpose of the organization.** Every organization should have a written statement that expresses its reason for being. Resources: Board members, potential clients and constituents.

- ✓ **Form a board of directors.** The initial board will help translate the ideas behind the organization into reality through planning and fund-raising. As the organization matures, the nature and composition of its board will also change.
- ✓ **File articles of incorporation (see sample).** Not all nonprofits are incorporated. For those that do wish to incorporate, the requirements for forming and operating a nonprofit corporation are governed by state law. Resources: Your secretary of state or state attorney general's office.
- ✓ **Draft bylaws.** Bylaws — the operating rules of the organization should be drafted and approved by the board early in the organization's development. Resources: An attorney experienced in nonprofit law.
- ✓ **Develop a strategic plan.** The strategic planning process helps boards express a vision of the organization's potential. Outline the steps necessary to work toward that potential, and determine the staffing needed to implement the plan. Establish program and operational priorities for at least one year. Resources: Board members; planning and management consultant.
- ✓ **Develop a budget and resource development plan.** Financial oversight and resource development (for example, fundraising, earned income, and membership) are critical board responsibilities. The resources needed to carry out the strategic plan must be described in a budget and financial plan. Resources: financial consultant.
- ✓ **Establish a record keeping system for the organization's official records.** Corporate documents, board meeting minutes, financial reports, and other official records must be preserved for the life of the organization. Resources: Your secretary of state or state attorney general's office.
- ✓ **Establish an accounting system.** Responsible stewardship of the organization's finances requires the establishment of an accounting system that meets both current and anticipated needs. Resources: Certified public accountant experienced in nonprofit accounting.
- ✓ **File for an Internal Revenue Service determination of federal tax exempt status.** Nonprofit corporations with charitable, educational, scientific, religious, or cultural purposes have tax exempt status under section 501(c)(3) – or sometimes section 501(c)(4) – of the Internal Revenue Code. To apply for recognition of tax exempt status, obtain form 1023 (application) and publication 557 (detailed instructions) from the local Internal Revenue Service office. The application is an important legal document, so it is advisable to seek the assistance of an experienced attorney when preparing it. Resources: Your local IRS office, an attorney.
- ✓ **File for state and local tax exemptions.** In accordance with state, county, and municipal law, apply for exemption from income, sales, and property taxes. Resources: State, county, or municipal department of revenue.
- ✓ **Meet the requirements of state, county, and municipal charitable solicitation laws.** Many states and local jurisdictions regulate organizations that solicit funds within that state, county, or city. Usually compliance involves obtaining a permit or license and then filing an annual report and financial statement. Resources: state attorney general's office, state department of commerce, state or local department of revenue, or county or municipal clerk's office.

## Other steps

While not always required, most of the following steps may also apply to organizations: (1) obtain an employer identification number from the IRS; (2) register with the state unemployment insurance bureau; (3) apply for a nonprofit mailing permit from the U.S. Postal Service; and (4) obtain directors' and officers' liability insurance

## Articles of Incorporation and Bylaws

For boards that are just forming, sample articles and bylaws are included at the end of this chapter. Articles of incorporation are legal documents required by both the Secretary of State in most states and the Internal Revenue Service. The articles of incorporation will be critical in establishing the legal standing of the board and in qualifying for non-profit status. According to *BoardSource*, bylaws are the legal operating guidelines for a board. They should contain the rules of an organization that relate mainly to itself, and how it functions, rather than containing rules of parliamentary procedure. Except rules relating to business procedure, bylaws cannot be suspended unless they expressly provide for their suspension. However, bylaws in the nature of rules of order may be suspended by a two-thirds vote. The bylaws themselves should outline amendment procedures.

Most of the board members using this notebook will already have a set of bylaws. For that reason, this section will focus on amending your bylaws. If, however, you are part of a newly formed group, a sample set of bylaws is included at the end of this chapter.

Boards often have to amend or revise their bylaws. Often the change reflects the growth and maturity of the organization and the board. At other times, changes in existing state and federal laws or changes in purpose of the organization will lead to amendments and revisions. It is important to clarify whether one wants to “amend” the bylaws or “revise” them. The word “amend” covers any change, whether a word or a paragraph is to be added, struck-out, or replaced or whether a new set of articles is to be substituted for the old one. Extensive changes to the bylaws in which many sections have to be changed are considered a revision.

### Guidelines to Amending or Revising Bylaws

#### **Step 1: Refer to existing bylaws document.**

An existing document should describe the procedure for making amendments such as: Who can offer amendments? What are the rules for doing so (such as, during new business at a regular meeting or only as part of a committee recommendation)? When and how is the membership to be notified? How will the amendments be approved (for example, 2/3 vote of board or majority of entire membership)? If no provisions for amending bylaws are made in the existing bylaws, then the bylaws may be amended at any business meeting by a 2/3 vote, providing that previous notice has been given.

#### **Step 2: Appoint a Special Bylaws Committee.**

If the ideas for amending bylaws would lead to substantial changes, select a special group to take responsibility to study, review and report to the members. Set a date and time for the consideration of their work and conduct hearings on their proposal.

#### **Step 3: Publish the Proposed Amendments.**

Every board member should have a copy that shows the original bylaw or bylaws affected, the proposed additions or changes, and an explanation. The explanation should include pros and cons

or possible impact. The amendments should be written so they fit directly into the existing document.

**Step 4: Consider the Proposal.**

Chairperson of the bylaws committee reads the amendment(s) and moves for adoption. Amendments to the proposed amendments may be taken from the floor without notice but must be passed with a two-thirds vote.

**Step 5: Vote.**

Amendments may be approved by two-thirds with prior notice or by majority of entire membership without notice, unless the existing bylaws state otherwise. If approved, the amendments are effective immediately unless provisions are made otherwise.

**Step 6: Test for Amendments.** If the answer to any of the following is “yes”, reconsider the need to amend.

- Does it violate members' rights?
- Are they really necessary
- Is it consistent with the original charter, constitution or bylaws document?
- Is it consistent with general law?
- Is it reasonable?
- Is it practical?
- Can it be obeyed?

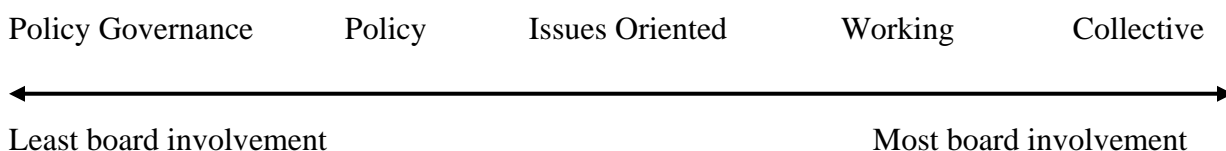
## **Models of Board Governance**

Principles of board governance provide overall direction to an organization. It includes all of the activities—such as visioning, strategic planning, policy development, and evaluation—that a board uses to fulfill its responsibilities and do its work.

Here are five models that describe a variety of ways boards may choose to structure themselves and operationalize their work. The models differ in the:

- actual work board members do themselves;
- way decisions are made; and
- the relationship between board members and staff.

They can be placed along a continuum, from the least amount of involvement of the board in day-to-day operations to the most involvement. Many variations along the continuum are possible.



## **Policy Governance Board**

Emphasis in this model is on what John Carver (1997) sees as the main purpose of the board—policy development. The board sets and describes the limits of the Chief Executive Officer's (CEO) responsibilities. The CEO directs the staff. The staff does all the work. There is a very clear separation of roles between board, the CEO and the staff. The board acts as a whole and speaks with one voice. Board committees, if any, help the process of governance, not management. The board governs to achieve ends; the staff manages by working on means.

*Ideal conditions for implementing:*

- Experienced CEO has the trust of the board and is supported by competent staff.
- The board is committed to the policy governance approach.
- Board members are conceptual thinkers who enjoy visioning and planning.
- The organization is stable with no major crisis looming a large, complex organization with enough resources to hire an appropriate CEO.

## **Policy Board**

A traditional model, in which the board makes policy to direct staff, a staff is hired to implement the policy and do the work. The board has a chair or president, an executive committee and a limited number of working committees. The executive committee has the authority to do a lot of the board work between meetings. Committees report to the board and together with staff do the work. A partnership is developed between the board president and executive director to lead and manage the organization. There is a hierarchy in both board and staff.

*Ideal conditions for implementing:*

- The organization is large with a range of programs and services.
- There is a skilled executive director.
- Board members have the skills and interest to set policy.
- Board members are willing and able to take a lead role in board committee functions.

## **Issues Oriented Board**

Structure of the board reflects the organization's strategic priorities and may change yearly. Committees or task forces are formed to deal proactively with emerging issues. Therefore, this type of governance means boards will shift on the continuum as situations change and evolve.

Board members and staff are partners in policy setting and implementation. Together they determine important issues and strategic directions, identify critical indicators of success,

set and implement policy, and carry out committee work. The best people for the job, regardless of protocol, are recruited for the task at hand. There is open communication between stakeholders, board members, staff and industry experts. The board recruits team members, cultivates group norms and builds on the collective capabilities of its members.

*Ideal conditions for implementing:*

- Board members and staff are team players who work collaboratively in a climate of trust.
- The organization is change friendly.
- Board and staff have a combination of conceptual, management and operational skills.
- The problem-solving model is used to identify issues and take action.
- Flexibility and creativity are built in.



## **Working or Administrative Board**

In this model, board members assume all the functions of the organization—governance, management and operations. Board members often volunteer in the direct service delivery and administration of the organization. Work is done in committees. If there are resources to hire staff, the staff is often few in number; they may be part-time or they are paid an honorarium instead of a salary.

*Ideal conditions for implementing:*

- The organization is small in either membership or available resources.
- Board members have a combination of management and operational skills.
- There is a strong board committee structure with clear lines of communication and terms of reference.
- Board members are able to volunteer a significant amount of time.

## **Collective Board**

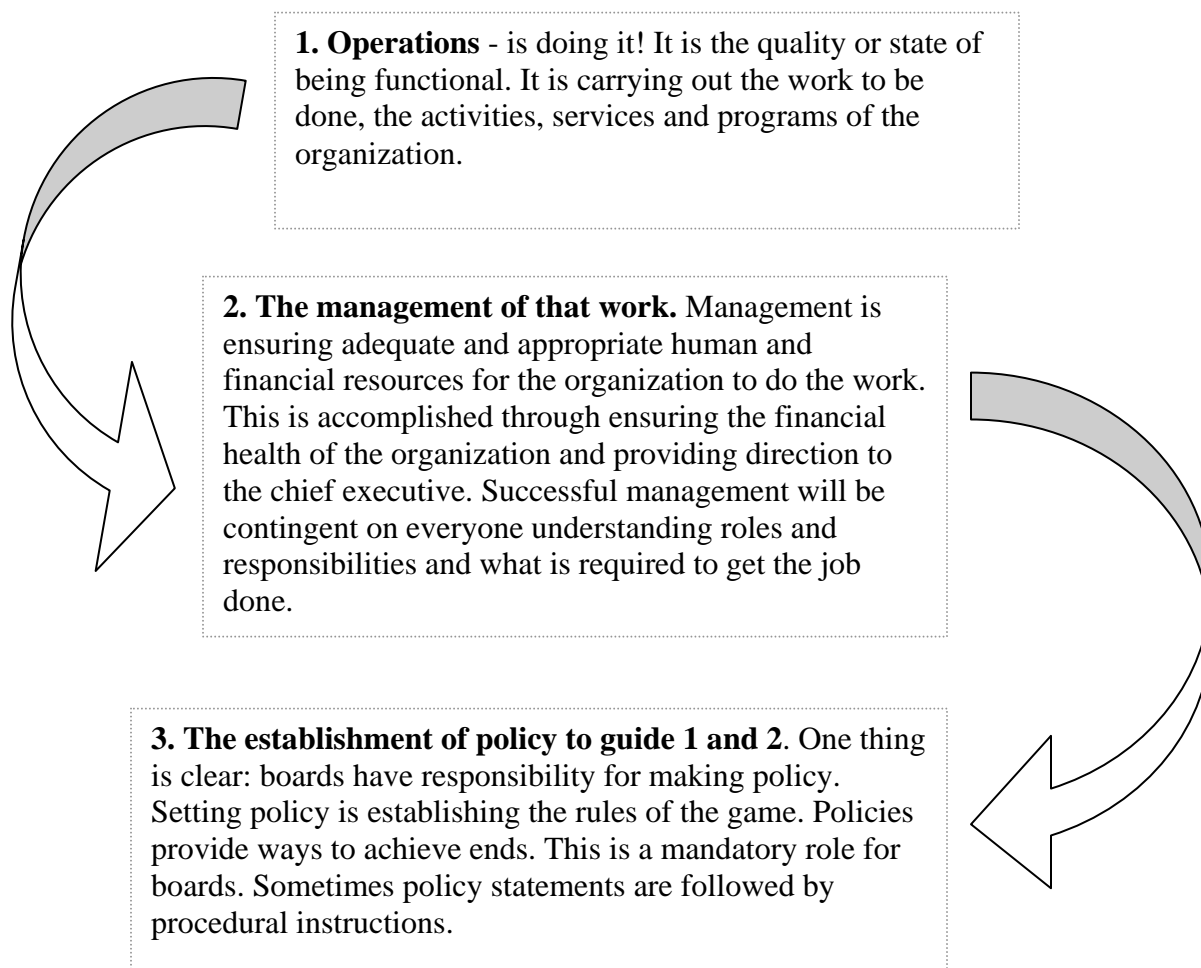
A collective is a group of like-minded people working towards a specific goal. Individual members take responsibility for defining and supporting the philosophy of the organization. They are also committed to achieving the organization's goals and providing services. Consensus decision-making is a key characteristic. Board and staff members (if any) work together on governance, management and operations, often rotating various responsibilities.

*Ideal conditions for implementing:*

- The organization is small.
- There is a high level of agreement about and commitment to the value of the organization.
- Teamwork is valued.
- All individuals are willing to do their part to carry out the work of the organization.
- There is a high commitment to one another as individuals.

## **Developing Policies**

According to *Board Source*, one of the primary functions of a board is to establish policies. Policies can be defined as guidelines rather than an instruction manual. There are different kinds of policies described in the section above on models of governance. Policies vary in how general or specific they may appear. Boards should focus on more general policies or policies that govern only board operations and leave specific operational policies to the staff. Before a board begins to develop policies, it should have a clear picture of how policies relate to the rest of the organization. The following diagram shows one view of that relationship.



Writing good policies requires more art than science. If the board stays focused on general policies and policies specific to the operations of the board, then board member knowledge and experience will be helpful. If, on the other hand, the board attempts to write operational policy, they will need extensive research and assistance from the staff. Provided below are some examples of policies to assist members in forming policies to meet specific board needs:

The policy to govern purchase authority could be expressed as:

*Expenses approved in the budget do not need to be re-approved by Finance or Executive committees at the time the purchase is made. (Compliance with other Council policies is required.) (Jan 1997)*

Or, a policy to establish expectations for meetings could be expressed as:

*All meetings shall be conducted in a smoke-free environment (April 1995).*

*Or, closed session meetings will be confined to matters concerning personnel issues including the assessment, rewarding, or disciplining of individuals, or to the discussion of relationships with other corporate bodies (Dec 1997).*

Often, just stating the policy may not be enough. Policies often need a description of procedures to support the policy. Using the example of a policy of closed meetings described above, a sample procedure would be: *“A motion is required to move into a closed session. This motion can be debated before it is put to a vote. The motion to close a meeting requires a three-fourths majority. Closed meetings should be regarded as an unusual occurrence rather than a regular procedure.”*

Clear policy statements that are written down and dated prevent wide interpretation and the potential for miscommunication. ***All boards need clear inclusive policies that are explicit, current, literal, centrally available, brief and encompassing.***

Some of the areas where boards will find policies helpful include:

- **Staff management.** Ensure legal compliance with employment legislation, workplace safety regulations, and review its employment arrangements regularly to ensure they comply with good practice. Ensure staffs are provided with job descriptions, orientation, management, training, performance appraisals, and recruitment practices.
- **Structure and working relationship between the board and staff.** Describe expectations for communications between board and staff. Assign and describe board and staff “partnerships for key committees or board activities. Identify critical areas—such as conflicts among staff or performance issues—that the board will discuss only with staff.
- **Volunteer Management.** Give volunteers a clear statement of the tasks and activities, even developing job descriptions or volunteer agreements. Provide codes of ethical conduct. Describe requirements for adequate orientation and training. Identify critical components of board recruitment and selection. Establish explicit procedures for reimbursements and expenses.

Overall, clear, effective communication of policies and procedures is critical to board operations. It is important to understand that significant differences exist between the policy, management and operations functions. Board policies should not cover everything done by the organization, its staff and its board. To do so would both be a daunting task, would limit the leadership of the executive director and key staff leaders, and would remove flexibility.

## **Legal Considerations for Individual Board Members**

### **How do board members safeguard against conflict of interest?**

When the personal or professional concerns of a board member or a staff member affect his or her ability to put the welfare of the organization before personal benefit, conflict of interest exists. Nonprofit board members are likely to be affiliated with many organizations in their communities,

both on a professional and a personal basis, so it is not unusual for actual or potential conflict of interest to arise.

### **Why must board members be concerned about conflict of interest?**

Board service in the nonprofit sector carries with it important ethical obligations. Nonprofits serve the broad public good, and when board members fail to exercise reasonable care in their oversight of the organization, they are not living up to their public trust. In addition, board members have a legal responsibility to assure the prudent management of an organization's resources. In fact, they may be held liable for the organization's actions. A 1974 court decision known as the "Sibley Hospital case" set a precedent by confirming that board members can be held legally liable for conflict of interest because it constitutes a breach of their fiduciary responsibility.

### **Does conflict of interest involve only financial accountability?**

No. Conflict of interest relates broadly to ethical behavior, which includes not just legal issues but considerations in every aspect of governance. A statement by *Independent Sector* describes three levels of ethical behavior: 1) obeying the law, 2) decisions where the right action is clear, but one is tempted to take a different course, and 3) decisions that require a choice among competing options. The third level of behavior can pose especially difficult ethical dilemmas for nonprofit board members.

### **What can I do to prevent conflict of interest situations?**

Self-monitoring is the best preventative measure. Institute a system of checks and balances to circumvent actual or potential conflict of interest, beginning with well defined operating policies on all matters that might lead to conflict. Most important, create a carefully written conflict of interest policy based on the needs and circumstances of the organization. Ask each board and staff member to agree in writing to uphold the policy. A conflict of interest policy should be reviewed regularly as part of board self-assessment (see chapter 6 for more information on assessments).

### **What should be included in a conflict of interest policy?**

A policy on conflict of interest has three essential elements:

- 1. Full Disclosure.** Board members and staff members in decision-making roles should make known their connections with groups doing business with the organization. This information should be provided annually.
- 2. Board member abstention from discussion and voting.** Board members who have an actual or potential conflict of interest should not participate in discussions or vote on matters affecting transactions between the organization and the other group.
- 3. Staff member abstention from decision making.** Staff members who have

an actual or potential conflict should not be substantively involved in decision making affecting such transactions. For a sample conflict of interest policy and disclosure form, see the BoardSource booklet, *Managing Conflicts of Interest*.

**What are some examples of actual and potential conflict of interest?**

- Organization policy requires competitive bidding on purchases of more than \$1,000, but a printing firm owned by a board member's spouse receives the \$25,000 contract for the annual report and no other bids are solicited.
- A board member serves on two boards in the community and finds him or herself in the position of approaching the same donors on behalf of both organizations.
- A staff member receives an honorarium for conducting a workshop for another group in the organization's field of interest.

**Should an organization contract with a board member for professional services, such as legal counsel or accounting?**

Attorneys, accountants, and other professionals can contribute valuable expertise to a board. Due to the potential for conflict of interest, their contributions should be voluntary. At the very least, a board member who is associated with a firm competing for a contract should abstain from discussion and voting in the selection process. If a competitive bidding process results in the selection of that board member's firm, he or she should disclose the affiliation and abstain from voting on future board actions connected with that firm's contract with the organization.

Boards and staff of organizations may look to several different documents when determining their responsibilities. These may include:

**Government Legislation** - Acts of Incorporation (Corporations Act for most organizations), Income Tax Act (for charities), or other legislation which may be specific to certain organizations. Specific rules for the conduct of organizations are included in these Acts.

**Articles of Incorporation** or Letters Patent is a document created as part of the process of incorporation. It defines the legal name, the corporate address and the objects of the organization, among other things.

**Constitution and Bylaws** of the organization may list some of the same things found in the Letters Patent (name, objectives) but also outlines a set of rules by which the members of the organization have agreed to conduct their business. The level of detail contained in the bylaws varies from organization to organization. Bylaws should be reviewed and updated regularly.

**Policies and Procedures** provide a more detailed guide for how the organization and the board of directors and staff will conduct day to day business. Policies and procedures should also be reviewed and updated on a regular basis.

The guiding documents listed above spell out many specific legal responsibilities for boards. In addition to these, boards of organizations and staff should consider a more general legal framework expressed as duties of individual board members and staff. Failure to do so will increase the potential liability of boards in the eyes of the law.

**Fiduciary Duties** – The leadership of boards is expected to act in good faith, that is, to act in an impartial manner putting the interests of the organization before their personal interests. Boards are expected to reveal any conflicts of interest and to refrain from involvement in decision making when they are in a conflict of interest.

**Duties of Care and Skill** – Boards are expected to make prudent or reasonable decisions given the circumstances and the knowledge that they have. This duty takes into consideration the skills and knowledge that a board member brings to the job. A lawyer or an accountant could be held to a higher standard of care than another director with less skill and/or experience.

**Law Abiding** – Boards are expected to be truthful and lawful in their actions

**Due Diligence** – Board members are expected to make themselves familiar with board activities by attending meetings; reading minutes, correspondence, and other materials provided; and making reasonable inquiries into the affairs of the organization.

**Duty of Continuance** – Board members may be deemed to have responsibility even after resigning from a board if it is found that they had knowledge of potential liabilities and neglected to do anything about them.

## **Summary**

Developing boards is a challenging, yet rewarding process, not only for individual members, but also for the organization and community that they represent. Understanding how boards operate through the help of mechanisms like operating policies, bylaws, governance structures, legal system, and nonprofit resources, collectively, are key to ensuring the effectiveness, viability and sustainability of all board services.

## Exercises

### Policy Scavenger Hunt

How easily can you find the policies affecting your board? Take this simple test for each of the following policies. Place a check mark in the appropriate box that best describes where or how you found the policy:

#### 1. Policies for expenditures of organizational funds

In my copy of the board notebook	<input type="checkbox"/>	In a notebook in the office	<input type="checkbox"/>	Had to ask staff	<input type="checkbox"/>	Don't have or couldn't find	<input type="checkbox"/>
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#### 2. Employment policies

In my copy of the board notebook	<input type="checkbox"/>	In a notebook in the office	<input type="checkbox"/>	Had to ask staff	<input type="checkbox"/>	Don't have or couldn't find	<input type="checkbox"/>
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#### 3. Board meeting policies

In my copy of the board notebook	<input type="checkbox"/>	In a notebook in the office	<input type="checkbox"/>	Had to ask staff	<input type="checkbox"/>	Don't have or couldn't find	<input type="checkbox"/>
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#### 4. Policies covering conflict of interest

## Mini-Case Studies

Practice applying some of the concepts in this chapter by reading the following mini-cases. Decide what action you would take as a board member and write out a brief description. You and other board members should compare your answers and explore why you made that choice. We have included a reproducible format of these case studies for handouts beginning on Page 32.

<i><b>SITUATION</b></i>	<i><b>ACTION</b></i>
1. The strategic plan for the organization is five years out of date. All of the staff is strongly lobbying to start a new planning process. The board chair has said she is not interested in getting involved in a “meaningless planning activity” during her two years as chair. Two other board members have asked why planning is not part of the board work for the year. As a board member, what would you do?	
2. The nominations committee for your board has four very strong candidates to fill an open board seat. Your executive director has known all of the candidates in many different settings and would be able to provide a very factual, balanced assessment of the candidates based upon a thoughtful analysis of the needs of the board. How do you involve the executive director?	
3. Your budget has had a significant excess at the end of every budget year for the past five years. That typically leads to a “spend what we got left” decision by the board in the last 30 days of each budget year. While each of the expenditures has been appropriate, in your opinion, they do not support core activities of your organization. Your financial manager has given you convincing evidence that the board budgets too conservatively, and he has a plan by which small “over budget” expenses can be incurred during the year to offset that conservative approach without confronting the board. As the head of the finance committee, what would you do?	



<i><b>SITUATION</b></i>	<i><b>ACTION</b></i>
<p>4. Your organization finds itself involved in several very complicated and drawn out conflicts with other organizations in your area. Several members of your board are also on the boards of those other organizations, and you have no idea what their perspectives are on these conflicts. Several of the conflicts, if left unresolved, will affect service delivery and the ability of your organization to meet its goals. Your chair has demonstrated an aversion to conflict, on the board or within the organization, because it's a sign of an "unhealthy organization." As a board member, what would you do?</p>	
<p>5. The board has conducted a very thorough analysis of the performance of your organization. There are real problems with quality and with the handling of your services by your staff. Your staff has shown every possible intention of addressing those problems and fixing them in the next six months. Most of the problems have been contained among small pockets of your clients, and there is little public exposure. Several key staff have come to you to restate their commitment to fix the problems and have asked you not to "embarrass them in front of a board;" they feel the board will seize this opportunity to "micro manage the organization." Some of the problem areas also showed up in a review three years ago. As chair of the personnel committee of the board, what would you do?</p>	

<i><b>SITUATION</b></i>	<i><b>ACTION</b></i>
6. The board is inexperienced, does not appear committed to doing work you think is important for the board to do, and use the board meetings mostly for a social gathering. At the same time, they leave the executive director alone, making few, if any, suggestions on policy, planning and financial matters. The staff knows of the situation, and all of them have learned how to make board meetings “light and lively.” They then turn to you, as the chair of the board, for the real leadership. By all internal measures, your organization is successful. As the board chair, what would you do?	

## **Sample Bylaws**

### **BYLAWS OF [NAME], A NOT-FOR-PROFIT CORPORATION**

#### **ARTICLE I: ORGANIZATION**

1. The name of the organization shall be [NAME].
2. The organization shall have a seal which shall be in the following form: [DESCRIBE]
3. The organization may at its pleasure by a vote of the membership body change its name.

#### **ARTICLE II: PURPOSES**

The following are the purposes for which this organization has been organized: [DESCRIBE]

#### **ARTICLE III: MEMBERSHIP**

Membership in this organization shall be open to all who [DESCRIBE].

#### **ARTICLE IV: MEETINGS**

The annual membership meeting of this organization shall be held on the \_\_\_\_\_ day of [MONTH] each and every year except if such day be a legal holiday, then and in that event, the Board of Directors shall fix the day but it shall not be more than two weeks from the date fixed by these Bylaws.

The Secretary shall cause to be mailed to every member in good standing at his address as it appears in the membership roll book in this organization a notice telling the time and place of such annual meeting.

Regular meetings of this organization shall be held [LOCATION].

The presence of not less than \_\_\_\_\_ (\_\_\_\_%) percent of the members shall constitute a quorum and shall be necessary to conduct the business of this organization; but a lesser percentage may adjourn the meeting for a period of not more than \_\_\_\_\_ weeks from the date scheduled

by these Bylaws and the secretary shall cause a notice of this scheduled meeting to be sent to all those members who were not present at the meeting originally called. A quorum as herein before set forth shall be required at any adjourned meeting.

Special meetings of this organization may be called by the president when he deems it for the best interest of the organization. Notices of such meeting shall be mailed to all members at their addresses as they appear in the membership roll book at least ten (10) days before the scheduled date set for such special meeting. Such notice shall state the reasons that such meeting has been called, the business to be transacted at such meeting and by whom it was called. At the request of \_\_\_\_\_ ( \_\_\_\_\_%) percent of the members of the Board of Directors or \_\_\_\_\_ ( \_\_\_\_\_%) percent of the members of the organization, the president shall cause a special meeting to be called but such request must be made in writing at least ten (10) days before the requested scheduled date.

No other business but that specified in the notice may be transacted at such special meeting without the unanimous consent of all present at such meeting.

#### **ARTICLE V: VOTING**

At all meetings, except for the election of officers and directors, all votes shall be by voice. For election of officers, ballots shall be provided and there shall not appear any place on such ballot that might tend to indicate the person who cast such ballot.

At any regular or special meeting, if a majority so requires, any question may be voted upon in the manner and style provided for election of officers and directors. At all votes by ballot the chairman of such meeting shall, prior to the commencement of balloting, appoint a committee of three who shall act as "Inspectors of Election" and who shall, at the conclusion of such balloting, certify in writing to the Chairman the results and the certified copy shall be physically affixed in the minute book to the minutes of that meeting.

No inspector of election shall be a candidate for office or shall be personally interested in the question voted upon.

#### **ARTICLE VI: ORDER OF BUSINESS**

1. Roll Call.
2. Reading of the Minutes of the preceding meeting.
3. Reports of Committees.
4. Reports of Officers.
5. Old and Unfinished Business.
6. New Business.
7. Adjournments.

#### **ARTICLE VII: BOARD OF DIRECTORS**

The business of this organization shall be managed by a Board of Directors consisting of [#] members, together with the officers of this organization. At least one of the directors elected shall be a resident of the State of \_\_\_\_\_ and a citizen of the United States.

The directors to be chosen for the ensuing year shall be chosen at the annual meeting of this organization in the same manner and style as the officers of this organization and they shall serve for a term of \_\_\_\_\_ years.

The Board of Directors shall have the control and management of the affairs and business of this organization. Such Board of Directors shall only act in the name of the organization when it shall be regularly convened by its chairman after due notice to all the directors of such meeting.

\_\_\_\_\_ ( \_\_\_\_%) percent of the members of the Board of Directors shall constitute a quorum and the meetings of the Board of Directors shall be held regularly on the [DATE].

Each director shall have one vote and such voting may not be done by proxy.

The Board of Directors may make such rules and regulations covering its meetings as it may in its discretion determine necessary.

Vacancies in the Board of Directors shall be filled by a vote of the majority of the remaining members of the Board of Directors for the balance of the year.

The President of the organization by virtue of his office shall be Chairman of the Board of Directors.

The Board of Directors shall select from one of their members a secretary.

A director may be removed when sufficient cause exists for such removal. The Board of Directors may entertain charges against any director. A director may be represented by counsel upon any removal hearing. The Board of Directors shall adopt such rules for this hearing as it may in its discretion consider necessary for the best interests of the organization.

## **ARTICLE VIII: OFFICERS**

The initial officers of the organization shall be as follows:

*President:*

*Vice President:*

*Secretary:*

*Treasurer:*

The *President* shall preside at all membership meetings.

- S/He shall by virtue of his office be Chairman of the Board of Directors.
- S/He shall present at each annual meeting of the organization an annual report of the work of the organization.
- S/He shall appoint all committees, temporary or permanent.
- S/He shall see all books, reports and certificates required by law are properly kept or filed.
- S/He shall be one of the officers who may sign the checks or drafts of the organization.
- S/He shall have such powers as may be reasonably construed as belonging to the chief executive of any organization.

The *Vice President* shall in the event of the absence or inability of the President to exercise his office become acting president of the organization with all the rights, privileges and powers as if he had been the duly elected president.

The *Secretary* shall keep the minutes and records of the organization in appropriate books.

- It shall be her/his duty to file any certificate required by any statute, federal or state.
- S/He shall give and serve all notices to members of this organization.
- S/He shall be the official custodian of the records and seal of this organization.
- S/He may be one of the officers required to sign the checks and drafts of the organization.
- S/He shall present to the membership at any meetings any communication addressed to him as Secretary of the organization.
- S/He shall submit to the Board of Directors any communications which shall be addressed to him as Secretary of the organization.
- S/He shall attend to all correspondence of the organization and shall exercise all duties incident to the office of Secretary.

The *Treasurer* shall have the care and custody of all monies belonging to the organization and shall be solely responsible for such monies or securities of the organization. He shall cause to be deposited in a regular business bank or trust company a sum not exceeding \$ \_\_\_\_\_ and the balance of the funds of the organization shall be deposited in a savings bank except that the Board of Directors may cause such funds to be invested in such investments as shall be legal for a non-profit corporation in this state.

- S/He must be one of the officers who shall sign checks or drafts of the organization. No special fund may be set aside that shall make it unnecessary for the Treasurer to sign the checks issued upon it.
- S/He shall render at stated periods as the Board of Directors shall determine a written account of the finances of the organization and such report shall be physically affixed to the minutes of the Board of Directors of such meeting.
- S/He shall exercise all duties incident to the office of Treasurer.

Officers shall by virtue of their office be members of the Board of Directors.

No officer shall for reason of her/his office be entitled to receive any salary or compensation, but nothing herein shall be construed to prevent an officer or director for receiving any compensation from the organization for duties other than as a director or officer.

#### **ARTICLE IX: SALARIES**

The Board of Directors shall hire and fix the compensation of any and all employees which they in their discretion may determine to be necessary for the conduct of the business of the organization.

#### **ARTICLE X: COMMITTEES**

All committees of this organization shall be appointed by the Board of Directors and their term of office shall be for a period of one year or less if sooner terminated by the action of the Board of Directors.

The permanent committees shall be: [DESCRIBE]

#### **ARTICLE XI: DUES**

The dues of this organization shall be \$ \_\_\_\_\_per annum and shall be payable on [DATE].

#### **ARTICLE XII: AMENDMENTS**

These Bylaws may be altered, amended, repealed or added to by an affirmative vote of not less than \_\_\_\_\_ (\_\_\_\_\_% ) percent of the members.

## Resources

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Board Source booklet, *Managing Conflicts of Interest*.

Bowen (1994) . *Inside the Boardroom*. John Wiley & Sons, Inc., New York

Carver J. (1997). *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations (2<sup>nd</sup> ed.)*. Jossey-Bass Publishers, San Francisco.

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Taylor, B. E, Chait, R. P., & Holland, T. P. (1996). *Improving The Performance Of Governing Boards: (American Council on Education Oryx Press Series on Higher Education)*. American Council on Education: Oryx Press.

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Weisman, C. (1998). *Successful Boards: The Best From the Nonprofit Pros*. F.E. Robbins & Sons Press, St. Louis, MO.

## Websites:

[www.rulesonline.com](http://www.rulesonline.com)

<http://www.mapnp.org/>



## Mini Case Studies

Practice applying some of the concepts in this chapter by reading the following mini cases. Decide what action you would take as a board member and write a brief description. You and other board members should compare your answers and explore why you made that choice.

<i><b>SITUATION</b></i>	<i><b>ACTION</b></i>
1. The strategic plan for the organization is five years out of date. All of the staff is strongly lobbying to start a new planning process. The board chair has said she is not interested in getting involved in a “meaningless planning activity” during her two years as chair. Two other board members have asked why planning is not part of the board work for the year. As a board member, what would you do?	
2. The nominations committee for your board has four very strong candidates to fill an open board seat. Your executive director has known all of the candidates in many different settings and would be able to provide a very factual, balanced assessment of the candidates based upon a thoughtful analysis of the needs of the board. How do you involve the executive director?	
3. Your budget has had a significant excess at the end of every budget year for the past five years. That typically leads to a “spend what we got left” decision by the board in the last 30 days of each budget year. While each of the expenditures has been appropriate, in your opinion, they do not support core activities of your organization. Your financial manager has given you convincing evidence that the board budgets too conservatively, and he has a plan by which small “over budget” expenses can be incurred during the year to offset that conservative approach without confronting the board. As the head of the finance committee, what would you do?	

<i><b>SITUATION</b></i>	<i><b>ACTION</b></i>
<p>4. Your organization finds itself involved in several very complicated and drawn out conflicts with other organizations in your area. Several members of your board are also on the boards of those other organizations, and you have no idea what their perspectives are on these conflicts. Several of the conflicts, if left unresolved, will affect service delivery and the ability of your organization to meet its goals. Your chair has demonstrated an aversion to conflict, on the board or within the organization, because it's a sign of an "unhealthy organization." As a board member, what would you do?</p>	
<p>5. The board has conducted a very thorough analysis of the performance of your organization. There are real problems with quality and with the handling of your services by your staff. Your staff has shown every possible intention of addressing those problems and fixing them in the next six months. Most of the problems have been contained among small pockets of your clients, and there is little public exposure. Several key staff have come to you to restate their commitment to fix the problems and have asked you not to "embarrass them in front of a board;" they feel the board will seize this opportunity to "micro manage the organization." Some of the problem areas also showed up in a review three years ago. As chair of the personnel committee of the board, what would you do?</p>	

<i><b>SITUATION</b></i>	<i><b>ACTION</b></i>
<p>6. The board is inexperienced, does not appear committed to doing work you think is important for the board to do, and use the board meetings mostly for a social gathering. At the same time, they leave the executive director alone, making few, if any, suggestions on policy, planning and financial matters. The staff knows of the situation, and all of them have learned how to make board meetings “light and lively.” They then turn to you, as the chair of the board, for the real leadership. By all internal measures, your organization is successful. As the board chair, what would you do?</p>	

## **Chapter Two**

### **Rural Health Networks and Boards**

#### **Overview**

- Health disparities in rural communities
- Purpose of community health networks
- Keys to success
- Special considerations for rural health networks

The unique nature of community health networks suggests unique roles and responsibilities for their boards. This chapter explores: (1) the health disparities facing rural communities; (2) the purpose of community health networks; (3) the keys to success of these networks; and (4) special considerations for boards of rural health networks.

#### ***Health Disparities in Rural Communities***

Rural areas have the “highest levels of mortality and morbidity,” often “accompanied by the fewest health care resources.”<sup>1</sup> Rural Americans are generally older, poorer, and sicker than urban residents are, and rural communities grow more slowly than the rest of the U.S. Because many rural areas have little industry and the residents are often self-employed or are part-time employees, rural residents are less likely to be covered by health insurance than their urban counterparts.<sup>2</sup> At the same time, rural hospitals are at serious risk of closure.<sup>3</sup> Nationally, rural community health systems are losing revenue because their residents seek health care outside the communities.<sup>4</sup> In many states, nearly 70% of dollars spent on health care for rural residents are spent outside the rural community.<sup>3</sup> (NEED CITATIONS FROM ORIGINAL HEALTH POLICY CENTER PAPER: TRANSFORMING HEALTH CARE)

Over the past ten years, in an effort to alleviate this crisis, rural communities across the nation have been engaged in various efforts to increase access to health care and improve health status. Many of these efforts centered on building rural health networks as vehicles for rural communities to strengthen their health care systems. These networks developed for a variety of reasons, including responding to managed care market forces, maximizing resources through services, and serving as mechanisms for increasing access to care and improving health status.

#### ***The Purpose of Community Health Networks***

Community health networks offer a strategy to link health resources in a geographical area to improve access to care and improve health outcomes. The manner in which the local network organizes itself varies from community to community. Similarly, each community has different issues of access to care and specific health outcomes to improve upon. What are the health issues for your community? How has your community organized its network? By completing Exercise One (following), you will get a better sense of the reasons for your community health network.

### **Exercise One: Purpose of Your Community Health Network**

**1. What specific health issues does your network address?**

**2. What specific access issues does your network address?**

**3. What partners are critical to your network and why?**

A network is a formal organizational arrangement among many healthcare providers, and often community leaders, working together to share resources and rewards, under a common commitment with mutual responsibility and authority to ensure a more relevant, coherent, viable, healthcare system.<sup>5</sup> Networks can bring together physicians, hospitals, community health agencies, local public health agencies, social service providers, and other stakeholders to accomplish efficiencies and improvements in the quality of healthcare services. By organizing multiple, independent players, networks bring new capabilities to the community. For example, they enable rural communities to plan strategically using population-based assessments of

community health care needs, to run campaigns that retain health care dollars in the local community, to integrate elements of the delivery system for better outcomes and greater efficiency, to manage the care to special populations to reduce cost and improve quality, to secure new funding, and to fill gaps in service. Networks create the opportunity for rural communities to operate at this strategic level.

The networks typically focus on five outcomes: (1) provision of clinically relevant services; (2) financial viability; (3) improved quality and coordination of care; (4) expanded access to care for the uninsured; and (5) improved health status.

Look back at Exercise One to see how your network matches with these general outcomes and purposes.

### ***Keys to Success for Rural Health Networks***

Based upon several years of experience in building and developing rural health networks, staff of the Health Policy Center, Georgia State University, have identified four critical areas that increase the success of the network. Those four areas are:

1. Clear vision and intent
2. Culture of caring
3. Sustainability based upon demonstrated value
4. Technical assistance and benchmarking

The charts that follow highlight characteristics of each of the keys and specific examples. Obviously, an effective board is one of those keys. But the board also has to focus on other characteristics in its actions and decisions. Take a minute to read through the charts and score your board and your network as to how well it reflects each of the keys. There is a block by each of the keys. In that block, write either “Hi” (High), “Mid” or “Low.”

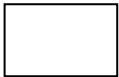
<b><i>Keys To Success</i></b>	<b><i>Characteristics</i></b>
<b><i>Clear Vision and Intent</i></b>	

<i><b>Keys To Success</b></i>	<i><b>Characteristics</b></i>
<p><b>Active, Effective Leadership:</b></p> <ul style="list-style-type: none"> <li><b>Governing Board</b></li> </ul> <div></div>	<ul style="list-style-type: none"> <li>Leader should be strong, bold, proactive, creative, connected, empowered and inspirational</li> <li>Decision-making structure and function appropriate for network's strategic goals and activities</li> <li>Commitment to vision and mission of network – time, attention, action, and advocacy within respective institutions (personally and professionally)</li> <li>Participation in continuous strategic planning and board development processes – including self-assessment</li> </ul>
<ul style="list-style-type: none"> <li><b>Clinical</b></li> </ul> <div></div>	<ul style="list-style-type: none"> <li>Leader should be strong, bold, proactive, creative, connected, empowered and inspirational</li> <li>Physician leadership is ESSENTIAL</li> <li>Organized volunteerism</li> <li>Physician-led development of clinical programs – peer recruitment</li> </ul>
<ul style="list-style-type: none"> <li><b>Management</b></li> </ul> <div></div>	<ul style="list-style-type: none"> <li>Characterized by leadership, vision and action</li> <li>Excellent management, communication and consensus-building skills</li> <li>Entrepreneurial perspective</li> </ul>
<p><b>Access and health status programs driven by needs and assets</b></p> <div></div>	<ul style="list-style-type: none"> <li>Health system change and program design/implementation are based on clear understanding of : <ul style="list-style-type: none"> <li>Population health and human service needs and disparities</li> <li>Bold goals based on needs and assets</li> <li>Health system assets and needs</li> </ul> </li> </ul>
<p><b>Win/win partnerships</b></p> <div></div>	<ul style="list-style-type: none"> <li>High level of collaboration, trust and openness in communication</li> <li>Balance in exercise of control and power</li> <li>Value created for all members without unequal member subsidization</li> <li>Some or most of services/products are strategic in nature, warranting each party's investment of time and resources</li> <li>Urban or regional members support local rural health systems in sustaining the broadest appropriate range of local services</li> <li>Rural partners coordinate with regional systems for services not offered locally</li> </ul>

<i>Keys To Success</i>	<i>Characteristics</i>
<b><i>Culture of Caring</i></b>	
<b>Whole patient care supported by an integrated delivery system</b>  <div></div>	<ul style="list-style-type: none"> <li>• Health systems functionally and clinically restructured FOR PRIMARY PURPOSE of improving care and quality of life for patients</li> <li>• Patients treated holistically – preventive, physical, behavioral, social, and spiritual needs addressed – in culturally sensitive manner</li> <li>• Elements of the system include excellent primary care connected to: <ul style="list-style-type: none"> <li>▪ Preventive services</li> <li>▪ Hospital care</li> <li>▪ Specialty and tertiary services</li> <li>▪ Behavioral health</li> <li>▪ Pharmaceutical access</li> <li>▪ Social service</li> <li>▪ Emergency and non-emergency transportation</li> <li>▪ Quality of care standards developed/mutually agreed upon</li> </ul> </li> </ul>
<b><i>Communication and Campaigning</i></b>	
<b>Stakeholder support and participation</b>  <div></div>	<ul style="list-style-type: none"> <li>• Civic leaders, providers, and potential patients are aware of programs and contribute time, input, resources</li> </ul>
<b>Effective communication and advocacy</b>  <div></div>	<ul style="list-style-type: none"> <li>• Outreach to potential patients and partners</li> <li>• “Internal marketing” for partner institutions</li> <li>• Advocacy at local, state, and national levels driven by community-based research</li> </ul>
<b>Pacing events</b>  <div></div>	<ul style="list-style-type: none"> <li>• Opportunities to make progress leaps</li> <li>• Opportunities to learn smarter, bolder, faster ways to work</li> </ul>



<i><b>Keys To Success</b></i>	<i><b>Characteristics</b></i>
<b>Internal and external marketing</b> <div></div>	<ul style="list-style-type: none"> <li>• Build emotional commitment through recognition and celebration</li> </ul>
<i><b>Sustainability Based on Demonstrated Value</b></i>	
<b>Infrastructure to support mission</b> <div></div>	<ul style="list-style-type: none"> <li>• Sufficient, qualified staff</li> <li>• Reciprocal accountability</li> <li>• Technology; i.e., information system to manage eligibility, enrollment, referral and case management</li> <li>• Sound business strategies</li> </ul>
<b>Financial resources for long-term viability</b> <div></div>	<ul style="list-style-type: none"> <li>• Public and private investments</li> <li>• Partner contributions (\$, In-kind)</li> <li>• Business lines and entrepreneurial activities</li> <li>• Public financial support <ul style="list-style-type: none"> <li>▪ Local and state government</li> <li>▪ Federal opportunities; i.e., FQHC, CAH</li> <li>▪ Enrollee/member contributions</li> </ul> </li> <li>• Involvement of philanthropic community</li> <li>• Innovative arrangements with payers</li> <li>• Grants – not as sole source of revenue</li> </ul>
<b>Evaluation of activity and impact</b> <div></div>	<ul style="list-style-type: none"> <li>• Return on community investments</li> <li>• Documentation of interventions and subsequent changes in: <ul style="list-style-type: none"> <li>▪ Health status and disparities in health</li> <li>▪ Access</li> <li>▪ Cost</li> <li>▪ Patient and provider satisfaction</li> </ul> </li> </ul>

<i>Keys To Success</i>	<i>Characteristics</i>
<b>Technical Assistance and Benchmarking</b>	
<b>External facilitation and technical assistance</b>  	<ul style="list-style-type: none"> <li>• TA Providers <ul style="list-style-type: none"> <li>▪ Credible and neutral</li> <li>▪ Utilize a broad array of tools</li> <li>▪ Offer systematic but flexible technical assistance</li> </ul> </li> <li>• TA providers build relationships based on constant contact</li> <li>• Planning</li> <li>• Implementation</li> <li>• Replication</li> <li>• Best practices</li> <li>• Evaluation</li> <li>• Expansion/replication</li> <li>• Mediation</li> <li>• Peer learning</li> </ul>

How well does your network reflect the keys to success? While this notebook focuses on board development, we believe that the work of the board is the primary driver to success of your network. Assessing your network using the keys to success may give you an indication of where your board needs to focus its efforts. It may also suggest specifics of board structure or policy that will be discussed later in this notebook. It should also indicate areas of success that you need to celebrate. In the section that follows, we suggest some questions for you to consider as you work through the rest of the notebook. These questions help you adapt some of the ideas and suggestions to your specific board and the purpose of your network.

### ***Special Considerations for Boards of Rural Health Networks***

A board draws its structure, its activities, and its roles from the purpose and mission of the health network. When you review the items you listed in Exercise One and in the second exercise on keys to success, you most likely will see some of the issues highlighted below. We hope you will use these questions to make this notebook more applicable to your board and your network.

**How does the goal of building a “network” affect development of the board?** As you read through the chapters that follow, keep in mind the unique dynamics of building a network and how that influences board development. For example, as the number of partners involved in the network increases, the size of the board increases. While many organizations can select the ideal size of their boards, the board of a network may need to grow to reflect membership in the

network. A second consideration will be the style and structure for decision making. Organizations often place lots of power in their Boards, but networks need to keep members committed to the network. One conflictual decision that results in “winners” and “losers” can reduce that commitment, even if it is the right decision. Third, members of the Board of the network may also be members of boards of organizations in the network, resulting in the potential for conflicts of interest, at worst, or competing opportunities, at best.

**How does the range of expertise of board members affect development of the board?**

Health care is a highly specialized area, often populated by individuals with advanced degrees and specialized training. These health care professionals are key partners in a health care network, but so are community members who may have little training or knowledge about health care. In some ways, boards of health networks often reflect the conflict over “hot knowledge” and “cold knowledge.” “Hot knowledge” is often drawn from personal experience, especially volatile experiences, such as limited access to health care or bad experiences during times of a personal health crisis. “Cold knowledge”, on the other hand, is drawn from more objective sources such as population health indicators, or clinical outcomes for many people. Having a discussion on a board when “hot knowledge” disagrees with “cold knowledge” can be particularly conflictual.

**How do rural and small town dynamics affect board development?** Because rural health networks exist in places steeped in the traditions, the culture and the unique environment of rural communities, what works for boards in big cities or large organizations may not work for your board. Those who have lived in and studied rural communities do not always agree on a set of general characteristics for rural and small town dynamics. However, our experience suggests there are a few common attributes worth noting. Members of your board will often be leaders in many areas in your community. That means the time they have available for your board may be limited. There just does not seem to be enough people with board experience and leadership skills for all the jobs in a rural community. At the same time, the scale of rural communities suggests that your board members will have access to most all segments of your community if you choose carefully. While rural people live and work in closer proximity than do those in large cities, society can still be very stratified along lines of economic class, race and religion. Resources, in general, may be more limited in most rural areas. Fundraising is limited to fewer people and organizations and, in general, personal income may be more limited. While the cost of living may be relatively cheaper in rural communities, many goods and services are actually priced by a global market. Health care services are just one of many rural enterprises including agriculture, mining, and small businesses and industries that struggle to compete.

**How does the competition among health care providers affect board development?**

Americans cannot decide if they want their health care to be more like a market-driven service or more like a social service. In truth, it currently operates as both. That means that many members of your board will seek to earn income from health care services and many will seek to expand access. At times, your board will have members from competing health care organizations or from competing private practices. Their presence on your board speaks well of their intentions to improve access and health outcomes, but they must also ensure the financial well-being of their organizations or practices. It may be easier for those board members who

are not tied to health care for their livelihood, but they, too, will struggle with questions of self-interest in terms of access to care and the financial viability of local health care organizations.

## *Summary*

This chapter attempted to set a context for board development that is unique to rural health networks. It covered three key principles that should guide your use of the rest of the notebook. First, rural health networks exist because there was need to improve health status in rural communities. All board development must take place in the context of the mission and purpose of your network. Second, there are certain keys to success demonstrated by successful rural health networks. Developing a good board is one of those, but there are other keys that the board should assess itself and seek to master. Third, there exist underlying questions that you should constantly ask yourself as you work through the rest of the notebook.

**Add other questions you would like to keep in mind as you work through the rest of the notebook.**

# **Chapter Three**

## **Planning**

### **Overview**

- Introduction to Strategic Planning
- Importance of Planning
- Where are we: steps in strategic planning
- Where do we want to be?
- How do we get there?
- Communicate plan (members, community, funders)
- How do we measure progress?
- Monitoring Progress of plan

### **Introduction to strategic planning**

Organizational planning is one of the primary functions of a board of directors. Planning is most effective when the organization's mission and goals are clear and the vision is shared by the board and staff leadership. Board and executive staff leadership is crucial to any strategic planning process. For the board planning is a leadership tool; for the staff, planning is a management and implementation tool. Strategic plans are oftentimes the organization's most effective tool for managing change.

Strategic planning is the organization's vision for the future. It is a tool that is used by the organization's leadership to identify issues, produce decisions, and take action. Strategic planning ensures that organizations are aware of and take into account both their internal and external environments when establishing their plan of work. It identifies the primary issues to be addressed by the organization, states the objective(s), defines overall strategies and tactics, and outlines action steps including a timeline and performance measures. Strategic plans are usually done in three-year increments, though some organizations produce five-year plans.

Effective planning begins with a statement of organizational values; the values clearly state the beliefs and ethical principles that guide the nonprofit. The mission is the reason the nonprofit exists. The vision describes the desired future state of the organization or the dreams of its leadership.

### **Why is strategic planning important?**

Ensuring that an organization has an effective strategic planning document that guides the organization is the responsibility of its volunteer and staff leadership as well as the board of directors and the executive director. Ensuring the implementation of the plan and its effective communication to stakeholders is the responsibility of the executive director.

Many times organizations err in that they complete a thorough strategic planning document, communicate it to their stakeholders, and then seldom or never refer to the document again. Ensuring that the strategic planning document is a “living and breathing” document is the responsibility of the executive director, the strategic planning chair, and the board chair. Requiring regular progress reports to the board of directors is an excellent tool for ensuring its implementation.

According to the Executive Master in Not for Profit Leadership Program at Seattle University (2001), strategic planning helps the organization accomplish the following:

- Focus the vision
- Establish priorities
- Recognize opportunities
- Measure progress
- Inventory organization assets and debits
- Connect aspirations and strategies
- Add a sense of fairness to change
- Get input and involvement from constituents
- Involve stakeholders

### **Who should be involved?**

The question of who should be involved in the strategic planning process can vary from organization to organization. However, the following individuals are key to a process that will produce strategic thinking and strategic action:

- Board of directors
- Strategic planning committee
- Constituents or clients
- Donors
- Funders
- Volunteers

## **Where are we? Getting Started**

To begin the strategic planning process, a board of directors must first review and modify, if necessary, the organization’s values, vision and mission. Once these are clear and agreed upon by the nonprofit’s leadership, a SWOT<sup>1</sup> analysis is a commonly used and effective tool to ensure the leadership is examining both its internal and external environments.

### **Clarifying the organization’s values**

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<sup>1</sup> Representing Strengths; Weaknesses; Opportunities; Threats

Organizational values answer the question of what is important to the organization. Good value statements can address such topics as the following:

- How people will work together
- How the organization will achieve its goals
- How an organization views those it serves
- What behaviors an organization will reward in their employees

Often, organizations do not directly discuss their values and ethical principles. As a result, they are likely to misinterpret their strengths and weaknesses and make ineffective strategic decisions. Without a statement of organizational values, those responsible for the organization's strategic planning process may work independently with little regard for the beliefs of the rest of the group.

Linking values to behaviors ensures the organization goes beyond just composing a values statement to actually living by its values statement. An organization can focus on the following questions as a beginning step in clarifying its organizational values:

- What distinctive values guide the work of the organization?
- How are these values communicated to the organization?
- How do we as an organization act on these values?
- What are some of the values of the organization that are not discussed or not often discussed?

## **Mission Statement**

An organization's mission statement warrants review on a regular basis. Some organizations review and tweak their mission statement as frequently as every three years. The mission statement states the purpose of the organization and defines its primary goals and constituents. It answers the questions "what" and for "whom" and highlights the benefits of the organization. Listed below are a variety of sample mission statements.

## **Sample Mission Statements**

The following mission statement, created by The Sierra Club, demonstrates how they revised their original mission to be more "people friendly" and reflect their focus on inspiring individuals in addition to policy.

<b>Before</b>	<b>After</b>
The mission of the Sierra Club is to influence	Building on generations of success, the Sierra



public, private and corporate policies and actions through Club programs at the local, national, and international levels.

Club inspires people to join in protecting earth's natural treasures and vitality. Through the club, individuals magnify their power to restore the places where they live and preserve the places they love.

Source: Organizational Vision, Values and Mission, by Scott, C., Jaffe, D., and Tobe, G. (1993)

The three mission statements below are adapted from Carver (1990). As is typical for all organizational mission statements, they vary in their format and specificity. There is no magic formula for creating a mission statement, only that it clearly reflects the true purpose of the organization. The first sample statement clearly states its purpose in the first sentence “Literate Ohio Citizens.” It then elaborates on that purpose by describing what is necessary to fulfill that mission. The second mission statement follows a similar format by describing its mission specifically (“enhanced demand for realtors”) and then stating how the mission is tied to the organization’s desired results. Note that the statement does not include a specific reference to constituents like the third example does. The third sample mission focuses not only on their purpose (promoting social welfare) but also on the constituents that the organization’s purpose affects. When creating or revising a mission statement, keep in mind that the key to its success is that the organization is able to make it “live and breathe” throughout its daily work.

***Mission Sample One:***  
***Ohio State Board of Education Policy Mission Statement***

This mission of the State Board of Education and the Ohio Department of Education is Literate Ohio Citizens. Necessary to that mission, consistent with the State Board’s unique representation of citizens with respect to education, and statutorily appropriate to the Ohio Department of Education, there are three distinct Department contributions to Ohio.

*Statewide Vision:* There will be, enriched by diverse viewpoints, a common public vision of what education is to be and to achieve in the future.

*Quality Outcomes:* There will be statewide definition of quality in education, and the actual achievement of that quality by Ohio school districts.

*Informed Decision Makers:* There will be ample information about realities and possibilities that enable the governor, general assembly, and individual citizens to make informed judgments about education.

***Mission Sample Two:***  
***Metropolitan Indianapolis Board of Realtors***

The mission of the Metropolitan Indianapolis Board of Realtors is enhanced demand for Realtor services. In pursuit of this mission, MIBOR will bring about results in five areas:

1. A positive public image of Realtors.
2. A highly skilled Realtor membership.
3. A favorable environment for Realtors’ commerce in real estate.
4. Accurate and timely information and business tools for the conduct of Realtors’ business.
5. Free housing choice and equal professional services to all persons as prescribed by the Voluntary Affirmative Marketing Agreement and the Code of Ethics of the National Association of Realtors.

***Mission Sample Three:***

### ***The Amherst H. Wilder Foundation***

The foundation's purpose is to promote the social welfare of persons resident or located in the greater Saint Paul metropolitan area by all appropriate means, including relief of the poor, care of the sick and aged, care and nurture of children, aid to the disadvantaged and otherwise needy, promotion of physical and mental health, support of rehabilitation and corrections, provision of needed housing and social services, operation of residences and facilities for the aged, the infirm and those requiring special care, and in general the conservation of human resources by the provision of human services responsive to the welfare needs of the community, all without regard to or discrimination on account of nationality, sex, color, religious scruples, or prejudices.

### **Vision**

The organizational vision describes the desired future state of the organization or the issues upon which it focuses. One way to think about it is to try to describe what the organization will look like in five years. What does the organization want to create or be known for? What would the surrounding community look like if your organization met all of its goals?

According to Scott, Jaffe, and Tobe (1993), a powerful vision statement should have the following characteristics:

- Presents where the organization wants to go
- Easy to read and understand
- Captures the desired spirit of the organization
- Dynamically incomplete so people can fill in the pieces
- Compact—can be used to guide decision making
- Gets people's attention
- Describes a preferred and meaningful future state
- Can be felt/experienced/gives people goose bumps when they hear it
- Gives people a better understanding of how their individual purpose could be realized in the group or company
- Provides a motivating force, even in hard times
- Is perceived as achievable
- Is challenging and compelling, stretching beyond what is comfortable

### **Outcomes of a Visioning Process**

Developing an organizational vision can be a lengthy process that requires much patience on the part of organizational members! It is often helpful if strategic planners can carve out a block of uninterrupted time to devote to the task. In addition, the group may want to consider enlisting the help of a neutral facilitator to keep the process moving. Keep in mind that the hard work required to create a vision will be very rewarding in the end, however. Scott, Jaffe,

and Tobe (1993) describe the following six outcomes that can result from engaging in a visioning process.

1. **Alignment:** An increased sense of purpose and congruence with the organizational goals are shared with people and board groups. There is an increased sense of energy and enthusiasm.
2. **Empowerment:** An increased sense of personal mastery, group empowerment and organizational vigor results. Taking direct responsibility for outcomes they have crafted increases the ability to act.
3. **Respect:** Personal visioning provides a framework for appreciate strengths and putting action in perspective. Visioning provides a ground for shared participation, and all contributions are treated equally in a team process.
4. **Interdependence:** Visioning gives a bigger picture so that individuals can see how their efforts fit or relate to the organization.
5. **Innovation:** Allows individuals to stretch their ability to think beyond short-term goals and imagine alternative futures.
6. **Commitment:** The vision is used to make decisions and focus attention. People work not from compliance, but from commitment.

## Identifying Strategic Issues

### The SWOT Process

Once the organization has created or clarified their mission and vision, it is time to begin the strategic planning process. To effectively plan, organizations need to assess their relative strengths, weaknesses, opportunities and threats. The first initial of those four words forms the acronym: SWOT. Strengths and weaknesses are defined as those attributes of the organization that it can control. For example, knowledge and experience of staff could be strength, and fund raising could be a weakness. Some attributes could be both a strength and weakness of the organization. If *staff* is listed both as a strength and a weakness, work to describe the attribute of the staff that is a strength and the attribute that is a weakness. For example, the staff might be very knowledgeable and have lots of education (a strength), but they might be young and lack experience (a weakness).

Opportunities and threats are beyond the control of the organization. If, for example, Congress is changing the tax credits that influence corporate giving, and the organization is seeking corporate gifts, then it might be an opportunity or threat, depending on the proposed changes. If the population of your community is aging faster than other areas of the state, that also may be an opportunity or threat. If changing conditions appear as both opportunities and threats, it's best to describe them to clarify what aspect is a threat and what aspect is an opportunity.

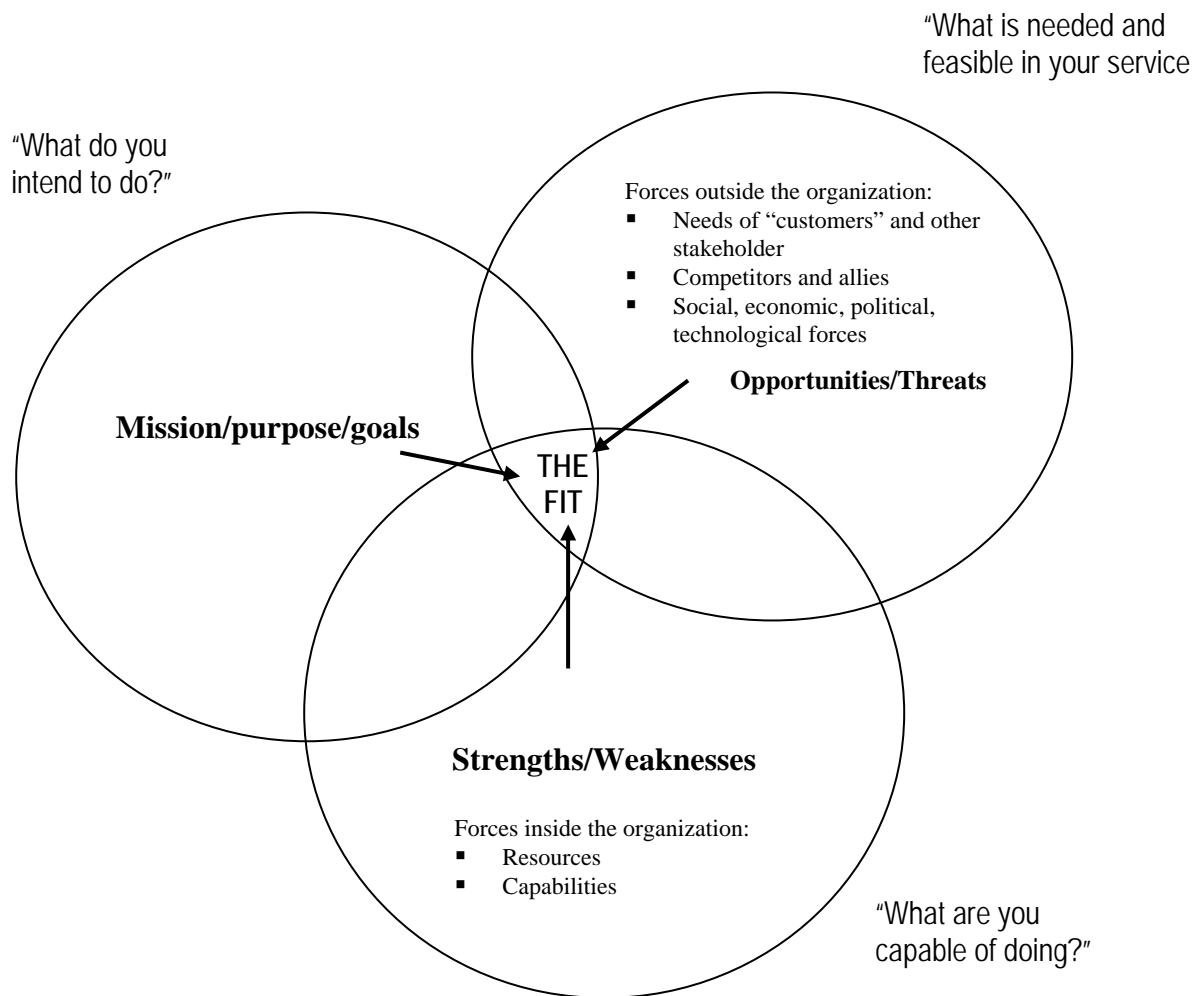
Assessing an organization's internal strengths and weaknesses and its external opportunities and threats ensures that planning is conducted taking into account a complete environmental scan. For more information on environmental scanning, see Chapter 5, Inventory.



## Finding the Fit

Finding the Fit for an organization entails addressing questions about its future. According to Bryan Barry (2000), *Strategic Planning Workbook for Nonprofit Organizations*, three fundamental questions need to be discussed in order to establish the best fit for an organization:

- What is needed and feasible in the organization's service area?
- What is the organization capable of doing?
- What does the organization intend to do?



## **Issue Identification Process**

Issue identification is core to the strategic planning process. Upon completing a review of its mission, vision, values, goals, and conducting a SWOT analysis, an organization should be ready to identify issues it wants to address in the next three years.

As part of the planning process, the board, staff and other strategic planning committee members will need to work in small groups to identify, select and prioritize those issues.

Questions the organization should be prepared to address include:

1. Why has this item been identified as an issue?
2. How can the organization address the issue?
3. What are the possible consequences of *not* addressing the issue?

## **Organizational Goals**

Organizational goals are typically long-range goals that will take at least a couple years to accomplish. Often, goals will take longer than that, but the organization should focus on ways to write goals to accommodate a sense of progress and accomplishments along the way. For example, a rural health network has a goal of improving health status. It may take 10-15 years at least to address all the areas that need improvement. The organization's goals should focus on what it can get done in a few years by focusing on one aspect of health status. If the region has a high number of low birth weight babies, then the goal might focus on that one area of health status. List and clearly define broad organizational goals. In small groups, the organization can discuss whether these goals continue to be applicable to the organization today.

In a large group setting, the organization can discuss reports from small groups, identify common themes, define any gaps and agree on the top three-to-five organizational goals.

## **Defining Goals, Objectives, Strategies and Action Steps**

### **Goals**

Goals are overall long term targets. Allison & Kaye (1997) define goals as outcomes that define what an organization is trying to accomplish both programmatically and organizationally. For example, an organization may define a goal as follows: to be a recognized leader in Georgia's public health industry within the next five years. Another goal may be: to have a strong, diversified funding base by the year 2007.

### **Objectives**

Objectives are specific and measurable targets. Objectives need to be Specific, Measurable, Attainable, Realistic, & Time bound (SMART). Allison & Kaye, further define objectives as

precise, measurable, time-phased results that support the achievement of a goal. An organization may set the following objective: to serve as the principal advocate on public health issues at industry forums throughout the state/

### **Strategies**

Strategies are overall or broad activities/tasks needed to achieve an objective. According to Bryson (2000), “a strategy is the extension of mission to form a bridge between an organization or community and its environment.”

A strategy that would support an organization’s objective of serving as a principal advocate on public health issues may be: to research and develop position papers which clearly states the organizations advocate position on selected health issues; to distribute these findings to the public health industry and select media.

### **Tactics**

Tactics are short term, specific actions used to achieve an objective.

A tactic to support the objective can be to identify five television/radio programs where the organization can seek to be interviewed.

### **Action Steps**

Action Steps defines the plan, including responsibility, resources needed, funds needed, and a specific timetable with completion dates.

The action steps will further define the plan by assigning the different tasks to the appropriate board, staff or committee person. It also helps the organization take a realistic look at what internal and external resources it will need to accomplish its objectives, how much money it will cost, and how long it will take the organization to meet the objective while taking into consideration the day to day work of the organization.

## **Implementation**

There are three key aspects to a successful plan’s implementation:

- Communication of the plan

Communicating the strategic plan to stakeholders, including board of directors, staff, volunteers, funders, partners and clients is a crucial step in the process. Oftentimes, one or more of the stakeholders are needed to help implant the plan. Involving them is many times written into the Action Plan as a step of implementation. Communicating the plan also ensures that organizations are held accountable to do what they say they will do.

- Identify changes needed in the organization



The strategic planning process often helps organizations think and act not only strategically, but also differently. The process helps the organization define where changes need to be made in programs and services, infrastructure, communication, board, staff, and outreach to constituents.

- Identify activities or tasks, if any, which need to cease and develop a transition plan for each.

Defining which areas need change or which activities/tasks need to be discontinued is usually easy to define. Board and staff are often quite aware of what these activities are but hesitate to address the issues due to a lack of a transition plan.

When a program or activity no longer fits the mission of the organization, yet has value to the community, it is incumbent upon the leadership to conduct an environmental scan and look at where the program or activity can be housed. Usually a collaborator or a competitor is the best place.

### **Sample Strategic Plan Implementation**

Upon completing its strategic plan, a multi-faceted, community-based organization serving the Latino community decided they were no longer in the business of providing transportation services to senior citizens. Transportation services were never core to their mission, and, upon analyzing their SWOT process, it realized that staff was spending too much time on a service that was not cost effective. The executive director and program staff dutifully conducted an environmental scan to determine the most efficient, cost effective provider of transportation services to seniors in their region. In addition, the executive director contacted the funding source and discussed the situation and possible solutions, including how to best transition the service and the funding to the new nonprofit service provider. Once all was completed, the executive director and program director, with the boards blessing and agreement, met with the seniors and told them about the new, improved transportation services. Though there was initial agreement, within six months, the executive director had a petition signed by more than 100 seniors asking to meet with the organization's leadership and requesting to return to the organization for transportation services. Upon meeting with the seniors, the executive director and management team realized that the seniors were not merely seeking transportation services, but were also seeking companionship and a sense of belonging – things they felt they could not get with the new nonprofit organization. Some even expressed a desire to stay with the Latino organization until their “dying day.”

For the organization and its leadership the lessons learned were invaluable – the leadership failed to obtain the seniors' input prior to making the strategic decision.

What was best for the organization was not what was best for its clients. Needless to say, the executive director and management team found new funding and transportation, companionship and a sense of belonging returned to the organization for those seniors.

Note: New seniors moving into the region with no prior relationship to the organization were directed to the new provider.

## **Monitoring Progress**

### **Monitoring and Evaluation**

Monitoring and evaluating the planning activities and status of implementation of the plan is, for many organizations, as important as identifying strategic issues and goals. One advantage of monitoring and evaluation is to ensure that the organization is following the direction established during strategic planning.

Adults tend to learn best when they're actually doing something with new information and materials and continue to reflect on their experiences. The board and executive director can learn a great deal about the organization and how to manage it by continuing to monitor the implementation of strategic plans.

It is not uncommon for organizations to deviate from a plan. However, those involved in the planning process, particularly the board and executive director, should understand the reason for the deviations and update the plan to reflect the new direction.

### **Responsibilities for Monitoring and Evaluation**

The strategic plan document should specify who is responsible for the overall implementation of the plan, as well as who is responsible for achieving each goal and objective.

The document should also specify who is responsible to monitor the implementation of the plan and make decisions based on the results. For example, the board might expect the executive director to regularly report to the full board about the status of implementation, including progress toward each of the overall strategic goals. In turn, the executive director might expect regular status reports from middle managers regarding the status toward their achieving the goals and objectives assigned to them.

### **Key Questions while Monitoring and Evaluating Status of Implementation of the Plan**

McNamara (2003) suggests organizations review the following eight questions at regular intervals. Organizations should determine ahead of time a schedule for strategic plan review. For example, the organization's executive director and management team will review the strategic plan on a quarterly basis, yet the program staff will monitor the issues assigned to them at their monthly departmental meetings or at pre-determined "review meetings". The entire board will review the status of the strategic plan once a year; the executive committee reviews the organizational issues on a quarterly basis.

1. Are goals and objectives being achieved or not? If they are, then acknowledge reward and communicate the progress. If not, then consider the following questions.

2. Will the goals be achieved according to the timelines specified in the plan? If not, then why?
3. Should the deadlines for completion be changed (be careful about making these changes -- know why efforts are behind schedule before times are changed)?
4. Do personnel have adequate resources (money, equipment, facilities, training, etc.) to achieve the goals?
5. Are the goals and objectives still realistic?
6. Should priorities be changed to put more focus on achieving the goals?
7. Should the goals be changed (be careful about making these changes -- know why efforts are not achieving the goals before changing the goals)?
8. What can be learned from our monitoring and evaluation in order to improve future planning activities and to improve future monitoring and evaluation efforts?

### **Frequency of Monitoring and Evaluation**

The frequency of reviews depends on the nature of the organization and the environment in which it is operating. Organizations experiencing rapid change from inside or outside the organization may want to monitor implementation of the plan at least on a monthly basis. Boards of directors should see status of implementation at least on a quarterly basis. Chief executives should see status at least on a monthly basis.

### **Reporting Results of Monitoring and Evaluation**

Always write down the status reports. In the reports, describe:

1. Answers to the above key questions while monitoring implementation.
2. Trends regarding the progress (or lack thereof) toward goals, including which goals and objectives
3. Recommendations about the status
4. Any actions needed by management

### **Deviating from Plan**

It is acceptable to deviate from or change parts of the plan. The plan is a guideline, not a strict roadmap that must be followed.

Usually an organization ends up changing its direction somewhat as it proceeds through the years covering the strategic plan. Changes in the plan usually result from changes in the organization's external environment or if client needs result in different organizational goals; changes in the availability of resources to carry out the original plan; or even a change in its top leadership.

The most important aspect of deviating from the plan is to understand *why* the organization is deviating from the plan; an understanding of what's going on and why.

### **Changing the Plan**

Be sure some mechanism is identified for changing the plan. It is important to document and communicate the following:

1. What is causing changes to be made?
2. Why the changes should be made?
3. The changes to be made, including goals, objectives, tactics, responsibilities and timelines.

(Adapted from McNamara, C. (2003) Basics of Monitoring, Evaluating and Deviating from the Strategic Plan.)

### **Provide Progress Reports to Stakeholders**

Organizations should include a strategic plan update in their annual report. Organizations may choose to discuss only certain sections of the plan, as appropriate.

Updating funders is a must: most foundations and key contributors appreciate receiving information on the status of the plan. Organizations may choose to meet with the funder or to send an annual report or annual update with a personalized letter.

### **Vision for the Future**

After completing the Strategic Plan, the organization will want to review its stated vision statement to ensure there is an alignment between the vision and the work to be done.

## **Summary**

An organization's strategic plan is its vision for the future. It is a process through which the organization defines or re-defines its mission and vision, assesses both its internal and external environments, identifies and agrees on issues, and makes decisions. Effective plans ensure there is a monitoring and evaluation process, and review the plan on an annual basis. A strategic planning process is an inclusive one, where board, staff, volunteers, clients, funders and other stakeholders are invited to participate. Strategic plans are usually written in three year increments though some organizations choose to do five year plans.

## **Resources**

Allson, Michael & Kaye, Jude. (1997). *Strategic Planning for Non Profit Organizations*. John Wiley & Sons, Inc.

Bryson, John M. (what is the year?) *Strategic Planning for Public and Nonprofit Organizations –A Guide to Strengthening and Sustaining Organizational Achievement*. Jossey- Bass Publishers.

Carver, J. (1990). *Boards that make a difference*. Jossey-Bass. San Francisco.

McNamara, C. (2003) Basics of Monitoring, Evaluating and Deviating from the Strategic Plan.

Scott, Cynthia D., Jaffe Dennis T. & Tobe, Glenn R. (what is the year?) *Organizational Vision, Values and Mission – Building the Organization of Tomorrow*. Crisp Publications

[www.boarddevelopment.org](http://www.boarddevelopment.org)  
[www.leadershipstrategies.com](http://www.leadershipstrategies.com)

## **Exercise One**

The following exercise gives the organization an opportunity to think about its values. When answering the questions the organization should focus on the values that are distinctive, not values present in all organizations. The exercise should take 30-45 minutes.

Request that board members complete the questions in Exercise One. Then, in small groups, discuss the top five distinctive values of the organization. Discuss any values that tend to be forgotten or not expressed in the organization. After each group has presented, discuss similarities and differences and address any gaps. Complete the exercise by having the entire group choose and rank their top five-seven values.

An alternate activity is to have the organization create a values statement using the values agreed upon by the group. A discussion on how individuals can act in a way that illustrates support for the organizational values should follow.

***Exercise One: Questions to Clarify Organizational Values***

1. What distinctive values guide the work of the organization?
2. How are these values communicated to the organization?
3. How do we as an organization act on these values?
4. What are some of the values of the organization that are not discussed or not often discussed?

## **Exercise Two**

### **Mission**

In the box below, write the organization's mission statement. If the organization does not have a mission statement, or has not reviewed its mission statement in the last two years, the whole board should work on one, either at a retreat or as a part of several board meetings.

#### **Mission Statement**

## Exercise Three

### Vision

In the box below, write the organization's vision statement. If you do not have vision statement, some samples follow. If you do not have a vision statement, use the following guiding question to help you write one: Envision that your organization is receiving an award five years from now. What would you receive the award for? What will the presenter say that makes a compelling case for the organization winning the award?

<p style="text-align: center;"><b>Vision</b></p>
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### Sample Vision Statements

The organization will be internationally recognized for its research on AIDS.  
For all children in Georgia to live in safe, healthy homes.

Scott, Jaffe, and Tobe (1993) share a sample of a vision statement:

We are committed to being conscious of our values both individually and as a team:

- To be healthy and promote health
- To be honest with our patients and with one another
- To be broadminded, creative and to have the courage to stretch our capabilities
- To be recognized and compensated for our abilities, achievements and advancements
- And to enjoy our freedom

—A Dental Office





## **Exercise Four**

Divide into small groups and conduct a SWOT analysis for your organization. List the three most critical strengths, weaknesses, opportunities and threats below. Remember that all organizations, no matter how good or how bad, have both relative strengths and relative weaknesses.

### ***Organizational SWOT Analysis***

Most Important Relative Internal Strengths

- 1.
- 2.
- 3.

Most Important Relative Internal Weaknesses

- 1.
- 2.
- 3.

Most Important External Opportunities

- 1.
- 2.
- 3.

Most Important External Threats

- 1.
- 2.
- 3.

Review each group's information and look for common themes. Discuss how to build upon strengths and opportunities and how to address weaknesses and threats.

## **Exercise Five**

### **Issue Identification Process**

Upon completing a review of its values, mission, vision, goals, and conducting a SWOT process an organization should be ready to begin its issue identification process.

#### **Small group activity.**

Utilizing the Finding the Fit diagram as a general guideline for the process and based on the organization's mission, vision, goals and objectives, state three issues. Based on the sum of the mission, vision, goals, objectives and the internal strengths and weaknesses and external opportunities and threats, state why these have been identified as an issue. Address the possible consequence of not addressing this issue.

#### **Large group activity.**

Discuss the issues from the small group discussions, identify common themes, discuss any possible gaps, and prioritize issues. As a group, select the top five issues the organization will focus on over the next three years.

For each issue, address the following:

- How can you address this issue?
- What resources are available and what resources are needed in order to impact the issue.
- What would be the organization's initial steps in addressing the issue?
- What are the barriers to successfully addressing the issue?

- What are the critical success factors that need to be in place for the issue's strategies to be effective?

## **Exercise Six**

### **Building your Strategic Plan**

Organizations may want to use the following exercise at a Strategic Planning Retreat. The exercise works best when facilitated by someone outside of the process – this may be a volunteers or consultant who can help the organization be clear and concise in their thinking.

In small groups, select one of the issues the organization has agreed to work on over the next three years and work on the following:

1. Clearly state the issue.
2. Define the objective.
3. Discuss and state the overall, broad strategy.
4. List the tactic(s).
5. Develop the Action Plan, include:
  - specific steps
  - who or which committee will take responsibility for completion of the tasks
  - what resources are needed, including dollars if appropriate
  - target completion date(s)



# **Chapter Four**

## **Taking Inventory: Part I**

### **Overview**

- Creating a Charter
- Developing Board Profiles & a Needs Matrix
- Examining the Board-Community Match
- The Relationship between Taking Inventory & Board Orientation
- Environmental Scanning & Asset Mapping
- Characteristics of Highly Effective Boards
- Board Development & Training

### **Why Taking Inventory is an Essential Building Block**

In this book, the information on “taking inventory” is divided into two parts. The first part focuses on building boards that are based on a good plan and the second part details how to create a system for assessing that plan on a regular basis. Nonprofit boards are sometimes made up of well-intentioned individuals who know they want to do good work, but don’t necessarily know how to create the map to get there. Thus, some boards will work with no map. Some will work with the same map year after year, even if they know the continents are shifting. And there are others who will create such a confusing map, that everyone gets lost! One of the best ways to draw a good map is by taking inventory early in the process. Even established boards with years of experience need to stop and take inventory periodically. The principles of taking inventory include elements of assessment and evaluation. Taking inventory also encourages boards to ask such questions as “How well did we do?” , “What should we be doing?” and, “What should we change?”

Part I discusses ways for boards to know where they are on their map at any given moment and how to adjust for the potholes or mountains that may stand in their way. It is important to understand that creating a map or a plan is not a destination in and of itself, but for successful boards, a process that will be repeated consistently along the journey. Successful boards “take inventory” or engage in assessment as a building block and count on reflection and learning as a guide to help them refine and enhance their journey.

Boards that look at their work from an internal perspective and then reach beyond that to seek out external perspectives will have access to the types of information they need to make the best decisions possible. Beyond gathering information, boards that use assessment to be continual learners will fare much better than boards that may evaluate what they are doing, but then do nothing with that new knowledge. For boards and their organizations to remain relevant and vital, the process of seeking out information and then carefully analyzing how that may impact services is essential. This means asking prospective board members if they are willing to see the work of the board in a broad context while they commit to learning new things that may change that context at any moment!



Outlined below are ways for boards to take inventory and understand what to do with the information they discover. Part I includes: 1) ways to organize the board with assessment in mind; 2) ways to map board assets and scan the internal and external environment for new information; 3) ways to examine criteria that are essential for the success of the board's functioning; and, finally, 4) ways to develop excellent characteristics needed in board members. Other ways to take inventory and evaluate that inventory will be covered in Chapter 6, "Taking Inventory: Part II."

## **Creating a Charter**

The story usually goes something like this: once upon a time, a group of good people got together and sketched out a terrific plan on a coffee-stained napkin to help improve the community. That coffee-stained napkin then sat on someone's desk until it began to take more definite shape. The shorthand and the sketches were eventually "wordsmithed" into a vision, a mission and roles for a few key people. These key people were ultimately the very first board members to spark life into a more formal organization that now contributes tremendously. That napkin, once transformed into a document, was the beginning of a board charter or board governance guidelines.

What else is needed to create an organization and a board besides a good idea and a few good people? Simply asking the question "what do we believe constitutes success?" Developing a document that outlines what success looks like in the form of the purpose of the board, how it will be managed, how others will be recruited into the process and what specific roles are needed is a critical first step in building board effectiveness. The charter is a document that should be closely aligned with strategic goals. If a board's purpose, intended outcomes and specified management roles can be linked to its goals, measuring future success will be a much simpler process. Shultz (2001) makes the following suggestions for areas that might be considered in a charter:

- Personal characteristics and core competencies of directors
- Core competencies of the board as a whole (for example, health care expertise, fundraising knowledge, ability to respond to a crisis, leadership, strategic thinking)
- How board members will be identified and recruited
- Board operations information (for example, how managed, when meet, evaluation of officers, evaluation of whole board, training and development opportunities, succession planning)
- Committee information
- Board composition (how many members, what sectors of the community should be represented)
- Board membership criteria
- Compensation of any paid persons affiliated with the board (for example, the executive director)
- Terms of service and termination of board membership
- Board member commitments

A good board charter also outlines what the board needs in terms of governance. This exercise requires some futuristic thinking... based on the initial goals, what should the organization look like? What critical competencies are necessary to get the board

where it is going? What expertise and qualities should be recruited? The following sections regarding creating board member profiles, developing a needs matrix and examining the board-community match are all important elements that can be helpful when considering the board charter.

## **Board member profiles**

Developing a *board member profile* is an excellent way to identify strategies that can be used to develop a board. The United Way of Canada often uses board member profiles to take inventory. They suggest that a profile can contain the skills, qualities and knowledge that the board will need to face the challenges that the organization will inevitably run into. They view the profile as a document that translates the organization's priorities and goals into descriptions of the types of people who can most effectively help the board meet them. In addition, they review the profile annually to ensure that it is still relevant to their work.

What is the best way to develop a board profile? One way is to start with a brief assessment. For boards with existing members, leaders can give each member a questionnaire that asks them to identify their skills and unique strengths. The same questionnaire can be used for assessing potential members. The information gathered can then be compiled and compared. What skills/qualities/competencies should all board members have? What skills/qualities/competencies do only a few board members need? What areas are missing that should be essential criteria in the recruitment of new board members? A few categories the United Way of Canada uses when developing a profile are:

- Financial management
- Strategic planning
- Policy development
- Fundraising
- Human resource/personnel
- Legal knowledge
- Lobbying/political action
- Media/public relations abilities
- Organizational development
- Philosophy consistent with organizational values
- Knowledge of issues the organization works on
- Background in services the organization provides
- Racial background
- Cultural background
- Language
- Geographic region
- Disability

Many boards include in their board member profiles the skills and knowledge of individuals they need to successfully fulfill the purposes of the board. This section is dedicated to describing some of the criteria that are characteristic of highly effective board members. In the planning stages of any board, it is important to take inventory of the array of people that will make up the group. It is this mix of folks who will be a great determining factor in the board's ultimate success. Robinson (2001) has developed the following list of characteristics that, if

they can be represented on the board, will make it that much more successful. Keep in mind that while some may possess each characteristic, they are not inborn. In other words, they can be developed over time through individual experience, feedback and training. For a successful board, according to Robinson's research, individual members should strive to possess, understand or develop the following:

**Time.** Service on boards is an activity that requires various amounts of time. Board planners should make sure that potential members are fully aware of the commitment it involves. A good board member will fully and willingly commit to meetings, volunteer activities, events, committee work, orientation and retreats. If during the board member's tenure he or she discovers that the original commitment must be changed due to various life circumstances, then there is no dishonor in resigning. On the other hand, if a member commits to giving a certain amount of time, and the board is wasting that time (for example, meetings are not productive)—it is incumbent upon that board member to broach the subject with the board. Chances are others are feeling the same way.

**Learning.** Successful board members take it upon themselves to become as knowledgeable about their organization and the surrounding industry as possible. They should strive to not only read the vision and mission, but to truly understand how the organization works and the impact the board has on it. Who are the groups that are served? What does the organization/board do well, and where does it need to improve? Robinson believes that it is important for board members to understand the history of the organization, as well as its current functioning. The history allows members to view a larger picture under which decisions were made that affect what the board is doing today. One way to start the learning process is to create an effective and comprehensive orientation for new members. In addition, some boards instill a mentoring system that pairs an experienced board member with a new one. Finally, good board members prepare for meetings and meet required deadlines.

**Big Picture.** Thinking strategically and being able to synthesize a variety of information as it relates to the board's mission, vision and strategic plan are learned skills. It can take considerable practice to see beyond the details to the greater whole. In meetings, it is easy for the board to get off track and spend unnecessary amounts of time with details that are trivial. With some creative coaching, effective board members can help bring the board back from the minutia to focus on bigger priorities. Budgeting agenda time wisely and sticking to it allows appropriate time for important big picture issues to be discussed.

**Courage.** One of the main responsibilities of effective board members is making difficult decisions. Picture the board of a small rural health clinic that must choose between focusing scarce resources on one group while cutting services to another. In addition, the surrounding community who is not privy to all the information the board has may demand an explanation for each choice made. Another time for courage is when internal board struggles occur. Productive working relationships are essential and the responsibility of each board member. Board members can get stuck in conflict and forget their mission and the reason they volunteered to work together in the first place. Courage to remind the board and or/individual members of appropriate behaviors and positive ways to work together is sometimes necessary.

**Keeping Issues on the Table.** Effective board members do not wield power on the board by hoarding information. Everyone who is serving has a right to know and understand all issues and have access to all information to aid them in making the best decisions possible. Board members who undermine that right take away from the overall success of the board's work.

**Leading.** Serving on a board of directors allows for excellent opportunities to develop leadership roles. Members do not have to be on the executive committee to exercise leadership. Effective individuals will stretch their capabilities by taking on new roles that contribute to the board in a myriad of ways. For example, volunteering to set up an initial website for the board or research a particular issue the board needs more information about can be a short-term way to practice leadership skills. Leading is also related to having courage... step up to the plate from time to time!

Carver (1997) believes that there are five essential characteristics of board members that recruiters and board planners should consider. He states that members should have the "understanding, skills, and willingness to contribute to the governance task the board sets forth" (p. 203). Specifically, great board members have:

- 1) Commitment to the ownership and to the specific mission.
- 2) Ability and willingness to think in terms of systems and context.
- 3) Ability and eagerness to deal with values, vision, and the long term.
- 4) Ability to participate assertively in deliberation.
- 5) Willingness to delegate in order to allow others to make decisions.

Carver points out that characteristics of board members should go beyond "qualified." He encourages boards to look beyond academic credentials, position, and income. It is more important that an effective board member mentally grasp the task, connect and commit. One test of whether or not a board is selecting effective members is to consider whether or not fewer than half of the people on the board would be a good chairperson. If the answer is "yes," then the board may want to reconsider how it is selecting members (Carver, 1997). Completing the board profile exercise at the end of the chapter is a good way to test whether or not a board has a good distribution of the specific membership characteristics it desires.

## **Developing a Needs Matrix**

One way to organize the information gathered for a charter (for example, board profile or job descriptions), is to create a "needs matrix." The purpose of the matrix is to establish an effective and efficient way to compare what is needed to what the board may already have. While this matrix can take on many forms to fit the purposes of the board, one simple way is to create a three-column chart (Shultz, 2001). In the first column the qualities, competencies, knowledge, or skills that a board deems essential are listed. In the second column, the names of potential board members who could fulfill these needs are listed. The third column has space for a rank; say, a ranking of one (the person fulfills this need a minimal amount) to five (the person is outstanding in this area). For example, one of the qualities in the first column could be "team player" and one of the areas of expertise could be "health care." Mary Smith is listed in the second column as the potential board member. The third column would then reflect where Mary ranks in these areas (for example, a "5" on team player but a "2" on health

care expertise). Information gathered through the assessment process in developing board profiles can easily be transferred onto a needs matrix.

Completing a matrix like this on all potential board members allows planners to compare across both people and essential needs at the same time making it clear what areas may be lacking and in what areas there are strengths. Other data that can be gathered on a needs matrix includes a person's previous board experience or

demographics such as age, ethnicity and gender. One other benefit of the matrix is that it is easy to circulate among existing planners or board members so that everyone has the same information when choosing among candidates or evaluating what the board's needs are.

*"Every nonprofit operates in a complicated environment, shaped by the community it serves, the mission it pursues, the sources of its support, and its relationships to other organizations allied or opposed to it .... the board offers a way to acknowledge this complexity, to formalize and manage it, and, finally, to balance it."*  
(Robinson, 2001, pg. 10)

## Examining the Board-Community Match

One of the most valuable aspects of a board is that it allows organizations to achieve a capacity above and beyond what the staff could do alone. This includes the potential for a board to enhance the quality and diversity of an organization's leadership (Robinson, 2001). Striving to achieve diverse and balanced leadership among the board and staff will have a significant and measurable impact on future assessments of the group's work. To be most effective, the diversity of the leadership should be reflective of the community/organization the board represents. The needs matrix can be a useful tool for helping planners establish the best *"board-community match."*

Boards who wish to consider a board-community match strategy when recruiting members could devise a matrix that includes criteria relevant to their particular situation. To do this well may require an "asset mapping" exercise before completing the matrix (see section below). To build legitimacy, it will be essential for planners to understand the composition of the community/organization they wish to represent before choosing members. In other words, what categories will be critical to the creation of a board that will be seen as a credible body leading the community or organization members? Think for a moment about a board that wants to provide better health services for minority groups in its community. Would it not be important to have representation that could speak with experience and/or authority about the challenges of gaining access to healthcare as a minority person?

The types of categories a board could consider when developing criteria to match board representation with the surrounding community/organization are: What geographic regions should be represented? What ethnicities? What kinds and sizes of outside organizations should be included? What sectors are important to draw from—Education? Business? Health care? Parents? Youth? The uninsured? How many men versus women? etc. The important issue to focus on is seeking the type of representation on the board that can bring relevant, multiple perspectives to the table. It will be these perspectives that are essential to making the kind of decisions that will be in the best interest of the organization and community. In addition, the quality of the decisions made will be what ensures the long-term success of the organization as a whole when evaluating its overall services and work.

## The Relationship between Taking Inventory & Board Orientation

*Frank is a new health association board member who has never served on a board before. He was honored to be asked to serve on the board and looked forward to the first board retreat and orientation. Before the retreat, he received a thick “board packet” with a notebook and a lot of information. After reading through the bylaws that were included in the packet, he discovered that there were six standing committees associated with the board. Since he is an accountant, he was delighted to see that there was a finance committee where he could really contribute some expertise to the board right away. During the second day of the retreat, the vice-chair stated that she would be giving out committee assignments, and the groups should disperse and begin working on strategy for the year. When Frank was handed a slip of paper that stated “holiday happenings & celebrations committee,” he was disappointed. He did not know anything about planning parties, nor did he care for group activities that were not focused on work. Because he did not want to appear ungrateful for the opportunity to serve, he did not say anything to anyone about his true desire to work with the finance committee.*

How high would Frank’s motivation be to drive two hours to meet with his assigned committee? Frank’s first experiences with the board might have been enhanced if orientation planners had incorporated a survey that gathered data on board members’ interests and skills prior to the retreat. According to the literature, it is important for the overall health and success of the board to gather and document information that should be incorporated into a common knowledge base. For example, board members should have an understanding of the specialized expertise and interests of others on the board via interests and skills surveys. In addition, conclusions and changes resulting from board self-assessment exercises should be reflected in minutes, bylaws changes, and structural changes. Instilling this common base of knowledge for all board members starts with a thoughtful and thorough member orientation. Orientation, for new members is the first step in a successful tenure on the board. For returning members, orientation provides an opportunity to welcome others, as well as continue learning how they can contribute.

According to McNamara, board orientations or trainings should take place once a year regardless of whether or not the board has new members. Even experienced board members need to hear the “basics” to help them integrate new knowledge and come to new understandings about the current state of the board. Orientation planners should think through what information the board has and what information needs to be assembled for members (for example, bylaws, budgets, minutes of other board meetings, rosters, program descriptions, and self-assessment data). In addition to imparting basic information that should provide the foundation upon which board members can do their work, orientations should give members a big picture view of the board’s strategic plan, current structure and operating procedures. The overall success of the board’s work that will ultimately be evaluated in any type of assessment activity depends upon the clarity with which members understand their role, how to function within it and what goals to strive for.

Carver (1997) believes “orientation” is a misnomer. He suggests that the word only lends itself to showing people where the coffee and office supplies are. Instead of “orientation” Carver prefers that members go through actual “job training.” Job training incorporates the idea that members really need to learn about strategic leadership by thoroughly understanding the process, values and perspectives of the board they are joining. Carver further believes that his

type of training should be an essential requirement for being part of the board to really equip individuals with the ability to be a constructive member of the board process.

There are many good resources (see end of chapter especially Duca, 1996 p. 64 and websites) for creating an orientation that is based on information already documented by the board (for example, bylaws), as well as new information that should be integrated into daily operations (such as results of a self-assessment or interest survey). Board self-assessments have a special place in any orientation. Facilitators should ensure that ample time is spent on reviewing the results of evaluations and putting structures in place to implement the agreed upon changes (see Chapter 6 for more information). The goals of orientations can vary widely. Goals based on assessment can play a strong role in a board orientation. Here are a few examples:

- 1) Creates a time for disseminating survey information gathered on members' interests and skills. Thinking creatively, boards can also use this personal interest data for teambuilding.
- 2) Provides a focused time for discussing self-assessment results and how to implement changes.
- 3) May be a place for reviewing or establishing evaluation systems that are related to the strategic plan and making sure there are people accountable for implementing them for the year.
- 4) Can be a part of gathering information for the purposes of establishing a new strategic plan that is finalized during the retreat.
- 5) Information gathered may aid in developing new committee structures, leadership and action plans.

## **Environmental Scanning and Asset Mapping**

In the beginning of the chapter, the idea of creating a board "charter" was introduced. It was explained that the charter outlined essential elements of the board, such as its purpose, its definition of success, the roles needed to manage the board, and how it was going to be effective. In addition, it was stated that the charter should be closely aligned with the board's strategic goals. Both the charter and the strategic goals needed to support it are integrally tied to processes called "environmental scanning" and "asset mapping." Asset mapping is a way of carefully and systematically examining the board's internal environment and external environment as they relate to the successful functioning of the board. The goal of environmental scanning is to gather and understand the critical information that may at any time demand a response from the organization.

A look at the internal and external environments of the board can provide vital information, such as board strengths, weaknesses, threats and opportunities. Once boards have clearly established their reasons for existence, stopping to take this kind of inventory can provide the stable foundation from which the board can make well-informed decisions. Effective boards understand that they are responsible for assessing all internal and external factors that will continually shape and reshape the way they operate and the critical questions they wish to address. Without consistently scanning the environment, boards could begin to operate in isolation from their stakeholders and become ineffective and perhaps obsolete! The following sections outline various strategies for accomplishing environmental scanning and asset mapping.

Boards engaged in assessing the internal and external environment may want to consider the following objectives:

- To determine trends affecting the organization.
- To evaluate the organization's position in the marketplace.
- To consider reevaluating the mission in light of the trends and position.
- To evaluate the strengths and weaknesses of the organization.
- To determine the long-term applicability of programs based on trends and position.

Four strategies adapted from Temkin (1998) for assessing both the internal and external environment are: 1) examining what you know; 2) futurists reports; 3) surveys; and 4) building scenarios. Keep in mind when reviewing these strategies that not only is the board examining how the trends found impact their organization, but also how the organization may be viewed in relation to those trends (Temkin, 1998).

*"Knowing the possibilities of the future—that is, what might happen—enables people to choose... to make the desired possibilities become realities and prevent the undesired possibilities from ever being realized."*

*The World Future Society, as cited in Weisman, 1998, p. 87*

**Examining what you know.** Board members already have a wealth of information that, when put together, adds up to valuable knowledge that can be used in the asset mapping process. Members can spend time in a facilitated discussion documenting these trends, or they can simply write them down and designate a group to analyze them. For example, an open discussion could start with a broad question such as, "What trends are occurring in our industry?" Or, a facilitator could ask a more focused question, such as "What have you noticed in the last year that could affect our funding?" Gathering information, such as "most grant proposals in health care are being awarded to those who have long-term interests in cancer research," may change the focus of the board's grant writing efforts.

**Futurists' reports.** Many current publications are dedicated to publishing the trends identified by experts. In addition, the internet provides multiple sites describing futurist research. Newspapers and government documents are also places to look for trend information, as well as professional associations and watchdog organizations. The National Association for Nonprofit Boards, for example, is a professional organization that releases trends on nonprofits on a regular basis.

**Surveys.** Gathering information from key people and analyzing across the content for that which is relevant to the board is also a valuable technique. There are multiple ways to conduct surveys—they can be written in the traditional paper and pencil style, or they can include a set of well-crafted questions that are posted to an electronic bulletin board or online discussion group. Surveys can also take the form of interviewing colleagues, competitors, legislators or clients with a specific group of questions. In addition, information can be gathered and analyzed through the use of focus groups.

**Scenario building.** This technique requires some creative thinking by the board and other key stakeholders. Basically, individuals attempt to hypothesize what the state of the world will be in three to five years. From these hypotheses, the board can generate scenarios that may



affect its work. For example, if the board believes that other groups are two years away from finding a cure for the common cold, it may not want to invest time in writing grants that would ask for monies to set up laboratories to do cold research.

Last, in outlining these techniques, Temkin warns that it is important to assess the validity of sources the information is coming from to the best of the board's ability. Questions such as: "What are that person's credentials?"; "What biases may that group be influenced by?" ; or "do his assumptions seem valid?" are important to consider.

The strategies outlined above emphasize the need for boards to focus on the future and do so with the knowledge that the environment around them is constantly changing. Each organization must take into account the external forces (for example, political, economic, social, and technological), as well as the internal forces (for example, resources and skills present on the board) that affect them on a daily basis. Not only must boards be skilled at mapping both external and internal issues, they must create strategies that will enable them to actively respond to those forces.

Another way to think about understanding the board's internal and external environment is to use a system developed by Allison & Kaye (1997) that includes three information gathering activities followed by information analysis tasks to map assets. The gathering activities consist of: 1) collecting input from internal stakeholders; 2) collecting input from external stakeholders; and 3) reviewing objective data (such as government reports or financial trends). The following section will outline their strategy in more detail.

## **Assessing the Environment from the Inside**

Internal stakeholders are defined as anyone who is on the board or directly related to the board, such as staff or volunteers. This group usually holds a wealth of knowledge and data that can be used to build a picture about the internal environment. The key is recognizing and interpreting the valuable information that is often right under the board's nose! The following paragraphs outline several strategies for assessing the internal environment including a sources of information worksheet; the SWOT analysis; self-assessment data analysis; and, financial data analysis.

**Strategy one.** When starting the process of gathering internal data one of the first organizing techniques often used is a "sources of information" worksheet. This document is an easy way for the board to think about what internal information they need and where that information can be accessed. To create the worksheet, simply divide a piece of paper into two columns. The heading in the first column should read "type of information." The heading in the second column is listed as "possible sources." The first column can be completed by asking members to list any type of internal information the board might be seeking (for example, regulatory changes, financial trends, client satisfaction, program opportunities, demographic changes, and trends in the field). In the second column, members describe possible sources of that information for each entry in column one. For instance, if one type of information needed is demographic changes (listed in column one), then the corresponding source listed in column two could be "to consult census data." Once the worksheet is finished, members are given the task of researching the information and bringing it back to the board.

**Strategy two.** Another simple, yet powerful technique for gathering and organizing information from internal stakeholders is to engage them in a SWOT analysis (assessment of strengths, weaknesses, opportunities and threats). The goal of a SWOT analysis is to examine the current environment, as well as future trends that stakeholders believe may impact the work of the board. Specifically, the following questions should be captured through a facilitator led discussion, questionnaires, interviews, or other techniques:

- What are our internal Strengths? What do we do well?
- What are our internal Weaknesses? What do we need to improve?
- What Opportunities exist for us? What kinds of changes do we need to be aware of in our environment that helps us achieve our mission?
- What external Threats might get in the way of achieving our mission? What changes in the environment should we protect ourselves against or prepare for if possible? [Note: Categories of external threats that can be examined are sometimes known through the acronym PESTDL or political, economic, social, technological, demographic and legal threats (Allison & Kaye, 1997).]

The SWOT analysis should include as many internal persons as possible. Once the SWOT information has been gathered, the board can sort it into categories. If the information is being used to do strategic planning, they can select and focus on the items they feel are most important for the strategy.

**Strategy three.** The SWOT analysis is a convenient and fairly easy strategy for mapping internal assets. Another option for gathering information is to examine any available board self-assessment data. If the board has regularly completed a self-assessment instrument, the resulting data should provide multiple insights into the state of the board's internal environment. Such information can be easily organized into the same strengths, weaknesses, opportunities and threats categories created in the SWOT exercise. A comprehensive self-assessment can provide useful internal information, such as leadership effectiveness, client relationships, structural issues, planning needs, mission clarity or financial management.

**Strategy four.** Assessing financial performance is another technique for analyzing internal information. Like the self-assessment option, assessing financial performance can usually be accomplished by using data the board already has at hand. For example, audited financial statements can provide a year-long overview of the board's revenue, expenses, assets and liabilities. Monthly and quarterly reports as well as any budgets are also valuable sources of information. Allison and Kaye (1997) suggest posing the following financial questions to the board to uncover additional dimensions:

- How much is spent per type of service?
- Is the board/organization living within its means? Are resources maximized?
- Are there resources available for hard times or to take advantage of new opportunities?
- Comparing financial information across time, is board/organization worse off or better off than before? What does this say about the future?
- Are services being subsidized? How will they be supported in the future?
- Are funding sources diversified?
- Is the overall financial health adequate?

The most challenging part of collecting environmental information is interpreting its meaning. A whole picture of the internal environment cannot be ascertained unless two other areas are examined. First, boards should reflect on their current and previous strategies. What information can they glean from that exercise that may cause them to change their direction? Second, boards need to assess their current programs. The information gained by doing this could mean that some programs are dropped and others are enhanced; or, that funding is focused in another way. Chapter 6, Part II of “Taking Inventory” has additional information on program assessment and evaluation.

In order to see an even broader picture, boards must combine internal environmental data with external data. Some external information can be assessed in the same way that internal information is. The section below describes the second step in Allison & Kaye’s system—gathering input from external stakeholders.

## **Assessing the External Environment**

As important as internal stakeholder information is, it only provides part of the puzzle towards understanding how environmental issues can significantly impact the work of the board. The reasons for collecting external stakeholders’ perspectives are twofold. First, the board needs to understand the perspectives in order to decide how they should be incorporated into their current strategy. Second, collecting information from outside of the board not only gives members a chance to talk about what they are doing, but gives others an opportunity to have input into the board’s work.

The first step in assessing the external environment is deciding what information may be needed and who can supply that information. This step can be accomplished by completing a variation of the “sources of information” worksheet. Instead of two columns, divide the paper into four columns with the following headings:

- 1) Column One “List of external stakeholders”
- 2) Column Two “What questions can they help answer?”
- 3) Column Three “How should the information be collected?”
- 4) Column Four “Who will collect it and by when?”

Defining who external stakeholders are is not as easy as it may seem. A list that is too narrow in scope will prevent the board from hearing some very important perspectives. Collecting information from a list that is very broad, however, could be extremely time consuming and provide too many perspectives to sort through! To get started, consider the following examples and modify the list to suit the best needs of the board:

- Current clients
- Past clients
- Client groups who are underserved
- Funders
- Community leaders
- Potential collaborators
- Competitors for clients
- Competitors for funding

- Volunteers
- Relevant government agencies

Gathering information from these groups can take on some of the same forms as internal strategies. Specifically, conducting a SWOT analysis with external stakeholders will give the board insight into what it does well and what it needs to do better. In addition, these discussions could illuminate new opportunities and threats that were previously unknown to board members. The SWOT exercise can take many forms: 1) a facilitated discussion/focus group; 2) a telephone survey; 3) a written survey; or 4) personal interviews. Allison and Kaye suggest that, since the board has stakeholders' attention, it may want to consider asking a few additional questions as well, such as:

- What is needed and expected from the board/organization's work? ( this provides some criteria for success)
- In the stakeholders' view, how well does the board/organization measure up to those criteria and why?
- How well does the board/organization perform when compared to competitors?
- What might the board/organization do more or less of?

## **Making Effective Use of Assessment Data**

The last step in the information gathering phase of the asset mapping system is to review any available objective data. This includes relevant government reports, public statistics, and financial trends. Environmental scanning, while difficult work, is only half the battle! The other half is determining what that information means for the board and organization. What will need to change because you have discovered this information? How will it affect the way the board operates? The way the community perceives the organization? The more people the board has to map internal and external assets, the more perspectives it will have to work with. While this may seem daunting when it comes time to sort through the information, it will allow for a more well-rounded pool of information from which the best decisions can be made.

So what is to be done with all of the data? Synthesizing the information gathered by assessing the environment is a process of identifying strategic challenges facing the board based on the internal and external information gathered. These challenges can then be compared to the board's assets when developing strategic plans and goals. The process of synthesizing and comparing can be accomplished in part by creating a SWOT analysis grid.

The SWOT grid, developed by Kevin Kearns, can help boards organize information gathered from internal and external SWOT analyses, as well as begin to visualize important insights into why collecting information is an essential foundation for making strategic choices. The grid forces information from the strengths, weaknesses, opportunities and threats to intersect so that it becomes more clear what actions the board might want to consider. Kearns' theory is that simply creating lists of strengths and weaknesses will not help boards make choices. Relating the lists to each other in a way that a board can see how the opportunities and threats present in the external environment coincide with the strengths and weaknesses present in the internal environment is the best way to operationalize the information.

In brief, to use the grid simply transfer data from any SWOT analysis conducted to the following matrix. The labels for each quadrant give broad guidelines as to what kinds of

decisions boards may want to consider making with the information that falls in each quadrant. Specifically, in quadrant one—“Decide,” or the intersection of weaknesses and opportunities, boards must weigh the potential opportunity with the fact that there may not be any resources present to capitalize on it. The judgment then becomes does the board invest in the opportunity or should it let the opportunity go? In quadrant two—“Damage Control/Divest,” or the intersection of weaknesses and threats, the board may need to control any damage that has occurred. For example, if the threat is the public perception of the way the organization manages money (for example, there was some highly publicized embezzlement), and the weakness is also managing money, then the board must immediately respond or continue to lose credibility.

The third and the fourth quadrants both relate to strengths. In the third quadrant, labeled “Defend,” are strengths intersected with threats. The key here is to defend against the threat using the resources that are available to the board. In the fourth quadrant, designated “Invest,” are both strengths and opportunities. These are clear areas to develop strategies that will set the board apart from other organizations or allow the board to contribute greatly from work well done. Graphically, the SWOT grid looks like this:

	Opportunities	Threats
Strengths	<p><b>Invest</b></p> <p>Clear matches of strengths and opportunities lead to strategic advantages.</p>	<p><b>Defend</b></p> <p>Areas of threat combined with areas of strength indicate a need to mobilize resources either alone or by collaborating with others.</p>
Weaknesses	<p><b>Decide</b></p> <p>Areas of opportunity combined with areas of weakness require some reflective thinking. Should we invest? Divest? Or collaborate?</p>	<p><b>Damage Control/Divest</b></p> <p>Threats combined with weaknesses indicated that there may be a need to control damage already done and/or divest.</p>

**Source:** Adapted from Kearns, K.P. (1992). Comparative Advantage to Damage Control: Clarifying Strategic Issues Using SWOT Analysis. *Nonprofit Management and Leadership*, Vol. 3, No. 1 pp. 3-22. and Allison, M. & Kaye, J. (1997). *Strategic Planning for Nonprofit Organizations: A Practical Guide and Workbook*. John Wiley & Sons, Inc. New York.

Juxtaposing the SWOT information in a 2 x 2 matrix should allow critical issues to emerge for the board. Highlighting these issues can give the board an opportunity to think creatively about how it will develop an organizational response to the environment.

## Characteristics of Highly Effective Boards

While board planners should develop profiles for what they want to require of individual board members, they should also reflect upon effective criteria for the board as a whole. The following characteristics can be measured through a board self-assessment from time to time. To the extent that boards as a group can display the following, then they will be well on their way to successful functioning:

**Purpose:** Members must share a sense of why the board exists and should be invested in accomplishing its mission and goals.

**Priorities:** It should be clear to all members what needs to be done next, by whom, and by when to achieve team goals.

**Roles:** It is essential that each board member know what his or her role requires so that he or she can perform well when getting tasks done. In addition, it is important for members to know when they are over stepping their roles, or when they should let a more skillful member do a task.

**Decisions:** Decision-making lines should be clearly understood by all members. Additionally, the board as a whole should have a system by which it can make effective decisions together as a group. This is an essential group skill since one of the main responsibilities of a board is to make effective group decisions and defend those decisions.

**Conflict:** Conflict should always be dealt with openly. While sometimes difficult, conflict is a healthy part of board processes when handled in an appropriate manner. Learning to work through conflicts productively is a developmental task that all boards must face.

**Personal Traits:** Diversity on the board that can be utilized and appreciated is a unique strength. Members should feel that their individual qualities and skills are appreciated and well utilized.

**Norms:** Boards need to spend time setting norms for their own group behavior. Taking a look at how board members can work together most effectively, what they do well and what areas they need to develop as a group is essential to the productivity of the board.

**Meeting Effectiveness:** Boards should find that meetings are efficient and productive so that they will look forward to the time together.

**Training:** Opportunities for feedback and updating skills should be provided by the board and taken advantage of by individual members. Consistent board development allows for the type of continuous learning that is necessary to keep boards motivated and proficient. More details on board development and training are provided in the section below.

## Using the Inventory for Board Development & Training

It is not always possible for boards to select a group of 20 ideal individuals who are well versed in the ways and means of board membership! Board development and training is an

investment in the board process that should be a priority for all boards. Carver (1997) points out that all jobs require that skills be updated from time to time. In addition, gaining new skills and understanding does not necessarily require the expenditure of dollars. He also suggests that if there is a cost involved in development, that the board should consider it a well-made investment that will reap beneficial returns in the future.

Duca (1996) reminds boards that effective participation is something that can be learned. Improvements in board member skills increase competencies and the ability of the overall board to serve its constituents and community. She believes board members should engage in continuous education because:

- 1) Nonprofits are complex and changing; boards should continually be aware of the need to adapt to new technologies, new ways of operating and new developments in their fields.
- 2) Not only are organizations continually changing, but the role of board members requires updating as well
- 3) Boards should be aware that there are always new approaches to serving effectively and to effective nonprofit leadership and governance.

Like continuous assessment, boards should build into their overall system a way to offer development and training opportunities to all members. This can be accomplished through a committee or via discussions of the whole board. Often, when board development is approached systematically, it can increase the likelihood that the full board will participate. When discussing options, keep in mind that good educational programs not only impart information but sustain members' interest and ensure a transfer of skills to daily board processes. The best trainings allow members to take the information learned and apply it immediately. Duca suggests a few additional principles of board development that the planning group could consider:

- Formulate a purpose for all board development activities.
- Set realistic training objectives.
- Consider the unique needs and interests of all board members when planning activities.
- Evaluate each educational activity.

Offering board development opportunities sends a clear message to members that their time, hard work and contributions are definitely valued. Boards should not underestimate the fact that ongoing education is also a strategy that increases member satisfaction and motivation.

Taking inventory can also be applied to creating a consistent development and training system. One of the best ways to initiate the idea of training and development is to engage board members in the process. A simple survey or discussion about the types of ongoing education board members would be interested in can offer a place to start. Other places to look for ideas are from members who have a particular expertise that would be beneficial to the board. For example, some boards invite each of their committees to present a session once a year on an important issue. The program committee can discuss new trends in community-based programming for youth, or the finance committee can help the board understand the budgeting process. Sharing information in this way increases the knowledge of the entire board for no cost and allows committees to take a leadership role in the board's work! Other typical areas for training and development include:

- Communication
- Conflict resolution
- Finance issues
- Program development
- Facilitation
- Negotiating
- Fundraising
- Grant writing
- Teambuilding
- Governance strategies
- Leadership

## **Summary**

Building an excellent board starts with keeping assessment in mind. The charter or board governance document clearly states the purpose of the board and how it defines success. In addition, it should include profiles of the individuals that are needed to make the board function to the best of its ability. Defining the board's structure (for example, officers, committees, and size) creates the foundation that the board can rely on to make its work productive. Once documented, this information provides the cornerstone upon which the board can continually measure its progress.

For continued success, boards cannot operate in isolation from their stakeholders. They must find ways to understand how well their internal processes are working and how others perceive them. Mapping assets and scanning the environment are ways in which the board can gather information that allows them to change their direction or respond to an immediate need. There are many techniques for doing this including defining what information is needed from what sources, examining sources at hand (such as financial data) and interviewing individuals using a SWOT analysis (strengths, weaknesses, opportunities and threats). Once information is gathered, it is important to organize it in a way that allows the board to understand its meaning and how it will impact its work.

Taking inventory includes not only creating the structure of the board and gathering information from the environment, but understanding what characteristics of members will result in success. Boards must reflect on their needs and goals and how the makeup of the membership will help them reach those goals. The chapter outlines a variety of characteristics for both individual board members and boards as a whole that will increase their chances of being successful (for example, seeing the big picture, clearly understanding one's role, or working through conflict).

Finally, the importance of investing in board members through training and development is highlighted. Change is inherent in the work of the board—the best way to govern, the demands on individual members, and the external environment. It is essential that members have an opportunity to enhance and update their skills and competencies in order to be most effective. Offering chances for training and development is one way to let board members know that they are valued and appreciated. As members gain new understandings and information, it is also a way to ensure the continued success of the board's work.



## Learning Exercises and Activities

### Exercise 1

Develop an outline for a board charter. What elements would you include for your group?

### Exercise 2

In the exercise below, we have borrowed the board profile from United Way of Canada. In the cells at the top of the matrix, insert the initials of your board members. Then read the characteristics, and if your board member reflects a significant knowledge or experience in that area, place a check in the block below the member's initials. The distribution of check marks will give you some idea of characteristics your board has and those characteristics in which you need to recruit or train board members.

<b><i>Member Characteristics</i></b>												
Financial management												
Strategic planning												
Policy development												
Fundraising												
Human resource/personnel												
Legal knowledge												
Lobbying/political action												
Media/public relations abilities												
Organizational development												
Philosophy consistent with organizational values												
Knowledge of issues the organization works on												
Background in services the organization provides												
Racial background												
Cultural background												

<b>Member Characteristics</b>												
Language												
Geographic region												
Disability												

### Exercise 3

Create a needs matrix that includes board profile information. What characteristics are important to include?

### Exercise 4

Develop a list of external stakeholders for your board. What sources of information could they provide that might be valuable to you in a strategic planning process? How would you go about getting that information?

### Exercise 5

Outline an orientation plan for new members of your board. What goes into the planning process? What would the agenda look like? What supporting documents would need to be gathered and given to members before hand? How will you incorporate experienced members in the process? What educational pieces are needed and would you include any social time for the group?

## Case Study Exercise & Questions

Read the case below and answer the questions that follow:

Communities X, Y and Z decide to form a network. In the beginning, for planning purposes, they sought equal representation from community members, hospital administrators, physicians, county officials, and public health professionals for their board. This was an appropriate board to meet the original goals; however, after three years in existence, the network's goals have shifted but no responding board changes have been made. The structure and governance of the board are no longer positioned in a manner that will allow the network to meet its current goals. Board members are becoming disengaged and are no longer seeing benefits from their participation in the network.

Implications:

The executive director no longer feels supported, and the board is frustrated.

Progress is no longer being made by the board towards meeting network goals because board membership and network goals are not appropriately aligned.

- 1) What steps could the board have taken to prevent the scenario from happening in the first place?
- 2) What did the board do well? What do they need to change?
- 3) Based on where the board is currently, create a step-by-step process it should follow to improve upon its situation.
- 4) How can the board ensure the future engagement of board members? How can the board ensure that they will begin seeing that their participation makes a difference?

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Websites:

[www.Boarddevelopment.org](http://www.Boarddevelopment.org)

[www.ncnb.org](http://www.ncnb.org) (National Center for Nonprofit Boards)

[www.mncn.org](http://www.mncn.org) (Minnesota Council on Nonprofits)

[www.compasspoint.org](http://www.compasspoint.org)

[www.onlinewbc.gov](http://www.onlinewbc.gov) (Women's Business Center)

[www.managementhelp.org](http://www.managementhelp.org)

# **Chapter Five**

## **Taking Inventory: Part II**

### **Evaluation**

#### **Overview**

- Evaluation basics
- The evaluation process
- Types of evaluations
- Confidentiality, feedback and action planning
- Individual performance evaluation
- Evaluating the board as a group
- Evaluating programs
- Exercises
- Other resources
- Examples of evaluations

Part I of “Taking Inventory” focused on building boards that are based on a good plan. Creating a system for assessing that plan on a regular basis is the focus of Part II of “Taking Inventory.” Without a way to continually measure how well the board is doing, it will be difficult for the board to develop in successful ways! Detailed below are the basics of the evaluation process, types of evaluations, and ways to evaluate various aspects of the board’s work both while it is in progress and after it has been completed. Part II of Taking Inventory goes hand in hand with the information gathered in the previous chapter, “Taking Inventory: Part I.” Both are important in the overall functioning of all boards.

#### **Evaluation Basics**

##### **What is Evaluation?**

If a board were asked right now, “what do you think of evaluation?” there would inevitably be a variety of answers — not all of them positive! Evaluation is not necessarily one of those board activities to which members look forward. One reason is that there is a technical, mysterious quality to the subject of “evaluation.” It is a rare board member who has done any formal reading or training in evaluation methods. So trying to understand the many ways to go about evaluation and what to evaluate can be daunting. No doubt about it, evaluation for nonprofits can be messy!

Unlike businesses, nonprofits have a more difficult time assessing their performance because they do not always have easy access to objective, quantifiable performance measures. For-profit organizations can rely on objective measures, such as profitability, market share and return on assets to assess performance. Because businesses all have similar indexes available to them, they can analyze trends across organizations. Nonprofits, however, often rely on customized assessments

that are created by the organization or a professional consultant using performance criteria relevant to that specific entity. While these types of assessments are essential for the continuous improvement of the organization, their customized nature means the results cannot readily be compared easily to other similar agencies.

The good news is that a nonprofit's immediate goal in evaluation should be to focus on continuous improvements in their own performance rather than comparing their performance with different organizations. A good guide for evaluation is to consistently examine at least three elements of the organization: 1) programs and services; 2) individual performance of both board and staff; and 3) the overall work processes of the board.

### **Why Evaluate?**

Somewhere in the mix of reactions from board members regarding how they feel about evaluation will be that nagging feeling that it is an essential responsibility of board functioning. A fundamental question that all effective boards must ask is whether or not they are fulfilling the purpose for which they were established in the first place—and how well they are fulfilling it. While evaluation can create some anxiety for individuals, Carver (1997) points out that its purpose is not to punish people or banish their programs. Instead, setting up a system to gather evaluative information should be viewed as an excellent learning opportunity that the whole organization can rely upon to consistently improve what it is doing.

Whether boards consciously evaluate themselves or not, there is a good chance they are already being evaluated by a variety of outsiders. Public opinion is one of the most powerful sources of evaluation—and it often comes to boards as unsolicited information! To the extent that boards can provide data to back up their good work, it will help to create a positive public opinion. If a board cannot demonstrate its value to the community, however, it may be the community that decides how valuable the organization really is through drops in funding or limited use of the services (Minnesota Council of Nonprofits).

#### ***Why Evaluate?***

- To diagnose an individual's strengths and areas for development
- To monitor progress
- To determine program effectiveness
- To determine appropriation of funding
- To improve processes
- To influence public perceptions of effectiveness
- To improve overall effectiveness
- To make changes based on intelligent

Addressing public opinion is a key reason boards should engage in evaluation. In addition, good evaluation data can make all the difference in whether or not a board can acquire and maintain funding. Other reasons to evaluate are for reporting requirements or program improvements. Perhaps the best reason to evaluate, however, is to know, based on data, that the organization is providing the absolute best services it can to its constituents.

### **Creating Criteria**

The first step in evaluation is the creation of criteria that outlines what “success” looks like. Once the board has established what both individuals and groups need to achieve to

“Evaluation is simply a comprehensive form of organizational learning. It ought to be participated in widely and willingly. Yet, for those evaluated, it inevitably creates anxieties and, often, resistance. So it is essential that evaluation be seen as normal, developmental, and future-oriented and not as prosecutorial.”

(National Center for Nonprofit Boards, p. 6)

make the board and the organization a success, it can evaluate itself against that standard or goal. Without these criteria it would be difficult to know, for example, whether or not the executive director is doing a great job. After creating criteria, it is then essential for the board to build evaluation into the ways in which it is already working. For example, the board could establish a policy that states that the executive director will be evaluated each year at the same time the board does strategic planning. Finally, as part of the system of building evaluation into the board’s daily work, it is also necessary to routinely monitor the criteria and to revise it when needed. If part of the criteria for evaluating the entire board states it should occur every four years—yet the board is deeply concerned about the effectiveness of its work together one year after an evaluation—then it may be time to alter the original criteria (Carver, 1997).

The sections below on evaluating individuals, groups and the board will outline specific criteria that can be used as a guide for creating an evaluation system.

## The Evaluation Process

While there are no steadfast rules for how to go about evaluating people, programs and processes, the following broad outline provides a guide that can be used for getting started on almost any type of evaluation a board would like to tackle.

**Step 1: Decide what you want to evaluate.** Do you want to examine your procedures? The process used in board meetings? The effectiveness of a program administrator? Or, the impact of a program?

**Step 2: Develop criteria for what you are evaluating.** What are you measuring against? How do you know what “success” constitutes? What qualities and strengths are you looking for?

**Step 3: Consistently monitor the criteria for needed changes.** Have your needs for someone with certain skills changed in the last year? Is the board taking on several brand new areas of responsibility program-wise?

**Step 4: Develop a policy statement to be included in the bylaws that outlines a consistent and fair way to evaluate the specific categories created in Step 1.** For example: “We will evaluate the executive director once a year in January. A qualified, outside consultant will be in charge of the evaluation,” or “we will evaluate our board



meeting ‘process’ at the end of each meeting. The evaluation will be lead by the vice chair using the ‘Stop, Start, Continue’ method of evaluation. The results of this evaluation will be posted in the minutes that are disseminated to all board members one week after the meeting.”

**Step 5: Follow-up.** Assign someone or a group to be accountable for making sure the board implements agreed upon suggestions resulting from any evaluation. For an individual evaluation, each person and one mentor can monitor changes. For a program evaluation, the program chair can be accountable for implementing changes. For a board self-evaluation, the entire board can hold itself accountable for changes (“we agreed that we would use Robert’s Rules of Order to make our process more efficient, yet in this meeting we seemed to be talking over each other again...”)

### ***Types of evaluations***

There are many different types of evaluations and evaluation information. Many of the “types” can be combined into one overall evaluation that assesses a variety of information. In short, evaluation can be as complex as getting a bill through congress or as simple as asking the board how things are going at the end of every meeting. Evaluations can obtain “objective” data that is quantifiable, such as the number of people attending a program; or, it can examine “subjective” data that attempts to discern feelings about how approachable the executive director is. It can utilize “quantitative” methods that rely on any information that can be counted, measured, or compared to a standard; or, it can use “qualitative” methods that make use of descriptive information drawn from what people actually say. The type of evaluation a board uses and what methods are chosen depends completely upon what they wish to assess. Regardless of the type or method used, however, all methods attempt to gather information around the strengths, weaknesses, benefits and progress of programs, people, processes or services.

The paragraphs below outline four common types of evaluations and evaluative information used by boards. Each description is followed by an example. Keep in mind that while they are described here separately, a comprehensive evaluation may make use of all four at one time.

### ***Performance Evaluation***

This type of evaluation can refer to the assessment of an individual or a group. It is focused on whether or not a desired criterion behavior has been achieved. Thus, evaluation questions are worded in a way that assesses if the person/group is acting in a manner consistent with the criteria in which they are being compared. For example, let’s say the job criteria outlined for individual members of a board states that to remain in good standing they must attend all quarterly meetings. As long as roll is taken at each meeting, it should be fairly easy to assess a board member’s “performance” against this criterion. A more difficult criterion to assess, but equally as important, may be determining if the board member has been truthful in disclosing all conflicting interests with the board.

Another aspect of a performance evaluation is gathering information to determine if individuals have improved upon their performance since their last evaluation. If it were determined in last year's evaluation that the treasurer's reports were too complex to be clearly understood by the board, the board would probably like to see the treasurer improve in this area. Thus, in this year's evaluation if her "performance" were improving, she would be expected to have a better score on the question: "Reports are clear and user-friendly." Note here, in the treasurer example, that the board has the ability to compare a "past performance" with a current one. Being able to look at assessment data across time to see trends and changes is a powerful tool in the goal of continuous board improvement.

Let's say, however, that the secretary of the board is newly hired. There really is no information on whether or not he can organize and disseminate minutes in a timely manner. His first evaluation with the board will give "baseline" information on his performance. It will allow him to see how he is performing at the current point in time the evaluation is given. With future evaluations, the Secretary will be able to track his performance improvements over time.

The performance of a group can also be evaluated. The types of questions will be different and will focus on group goals or performance criteria. If the group was the entire board, for example, and a board goal was to increase organizational membership by 20%, one of the questions on the evaluation should be written to assess that goal.

Who completes performance evaluations? One of the most popular and powerful evaluation techniques for individuals is the 360-degree assessment. This means that not only will the individual complete it, but also others at different levels of the board or organization who know the individual and his or her work. In addition, those outside of the board who work with the person can also provide helpful evaluation information. Thus, individuals have the benefit of understanding where they think they are performing, as well as where others with different perspectives think they are performing. These "multiple data points" give a much more comprehensive view of performance than if only one person was to fill out the evaluation from his or her singular viewpoint.

A board that is doing a performance evaluation on itself will also want the benefit of multiple viewpoints. The members should think carefully about who will provide the most valuable feedback on how they are doing. Usually a combination of internal and external evaluators provides the most comprehensive view. This could consist of the individual board members, members of the organization, funding agencies, or community members.

### ***Outcome Evaluation***

Outcome evaluation is less a type of evaluation than it is a category of information that is assessed. Questions assessing outcomes can be used on all types of evaluations including those assessing individuals, groups, processes and programs. The main thrust of an outcome evaluation is to examine the results of certain goals. Its focus is to determine whether or not some desired state has indeed occurred. Basically, the board is asking itself—are we doing what we said we would do and getting the job done right? Carver (1997a) suggests that outcome evaluations are a way to measure whether or not the board can stick to its own rules.

An outcome evaluation is only as powerful as the specific goals/criteria that it is trying to assess. If goals, criteria and a way to track information were not built in as part of the process of what is being evaluated, then it will be difficult to determine to what degree the “outcome” has been successful. For example, let’s say one of the goals of a board’s health outreach program is to lower the cholesterol levels of 75% of individuals who complete their education programs after a period of six months. The program itself may be fantastic, and many of the users may have reduced cholesterol levels—however, if there is no way to access the individuals who went through the program six months after it was completed, then the “outcome” cannot be assessed accurately.

Another type of outcome may be to look at whether or not the make-up of the board is reflective of the surrounding community. If a board is being established, one “outcome” goal may be to elect a group of people that represents the diversity present in the community it is representing. This goal can only be accurately assessed if the criteria are known. This type of goal should be written into the board’s policies and monitored consistently. As time passes the original goal may have to be updated to reflect the changing nature of the community and, thus, change the nature of the “outcome” desired.

### ***Process Evaluation***

Process evaluation, like outcome evaluation, is a category of information. Also like outcome questions, process evaluation questions can be found on evaluations assessing individuals, groups, processes and programs. A “process” is something that allows boards and organizations to understand how things are working. Unlike outcome evaluations that focus on a specific goal in the future, the process evaluation has a current focus. It examines whether or not a board is actually acting the way it has said it will act. Thus, while outcome evaluations will examine the products of a board’s work, many of the questions on a process evaluation will look at the board’s current conduct and behavior. Examples of process evaluation questions are:

1. “Board meetings facilitate progress on important organizational matters.”
2. “Board members respect each other’s right to speak and do not interrupt each other during discussions.”
3. “The board’s policy for handling urgent matters between meetings is adequate.”

Often, process questions are most effective if they use an open-ended format. In other words, if a board member is asked whether or not the executive director is able to listen effectively, the answer can be more fully expressed if he or she is able to say “no” and then explain why.

### ***Program Evaluation***

It is essential to evaluate the success of all of an organization’s programs on a consistent basis (such as a high blood pressure screening and education program that occurs once a month at the main drug store). The best way to evaluate a program is to build in a system of when and how you will evaluate it before the program starts. If the program is already ongoing, it is still possible to gather valuable information that will help determine its success and improve its delivery.

Of all types of evaluations discussed, program evaluation can be the most complex and costly. However, it is also the type of evaluation most asked for by outsiders. For example, funders and program supporters often request program evaluations. They want to know what the return on their investment really is. Examples of the questions needing answers are: “Is our funding being put to good use in the most effective way?” “Are the goals of the program being met?” “Are the activities engaged in leading to the outcomes envisioned?” “Are there any unintended negative effects that are occurring as a result of the program?”

Program evaluation can also be used by the board to determine the best use of resources. Evaluation information can give insight into which programs under the board’s purview are making the most impact on the community. It may help them determine which programs are cost effective and which ones should have increased/reduced funding. In addition, program evaluations can help the board determine if they are being responsive to the changing needs of the community or if their programs are out-dated and should be discontinued.

### **What Should be Evaluated?**

Boards can evaluate almost all elements of their work. The trick is deciding what needs to be evaluated and, quite practically, whether or not the board can commit to evaluating it. Most likely, the board is already evaluating many things regularly. For example, if the treasurer is required to generate a monthly report on the financial standings of the organization, then a monitoring process is already in place for that aspect of the board’s work. If the board has a practice of ending each meeting with ten minutes of reflection on “how things are going,” then they are already evaluating some of the board’s “processes” on a consistent basis.

In general, what a board will want to evaluate falls into the three key categories: 1) people; 2) programs/services; and 3) the overall work/processes of the board itself. The question of what should be evaluated will inevitably be followed by who should do it and how often should it be done. There will be different answers to those questions depending upon how the board answers the “what should be evaluated” question.

A good strategy for determining what to evaluate may be to look at the options within each category separately. For example, in the “people” category, the board could consider whether or not it would like to evaluate all of its members, or just the officers. In the programs category, it will probably be important to do an evaluation of all programs at least at some level. If there are many programs and services to evaluate, this prospect can be daunting. Keep in mind, however, that not all programs have to be evaluated all the time or by someone on the board.

### **Guiding Questions on *What* to Evaluate**

Listed below are a few questions to help get the board started when deciding what to evaluate:

#### People

- Do we have a responsibility as a board to develop our members? (If so, yearly evaluations of all individuals that can help them determine their strengths and areas for development would be useful).
- Do we have the resources to evaluate ALL members? (Consider that individual evaluations usually require the assistance of an outside evaluator)
- Do we want our officers to know whether or not they are meeting our expectations? (Thus, consider a customized individual evaluation that assesses overall board goals and elements of job descriptions)
- Do we want to develop better teamwork on our board? (If so, an evaluation of how well the group is working together or not working together as a team may be in order.)

### Programs and Services

A program evaluation would be helpful if the board wants to know whether or not...

- programs are accomplishing what they said they would accomplish
- programs are cost effective
- the types of programs offered are what the community needs
- programs are effective in changing individual lives
- a service was effective and was delivered well
- a program impacted the community
- a specific service should be discontinued
- they have the skills needed to manage their programs well
- they need to make adjustments to a program right now

### Processes

An evaluation that focuses at least in part on processes is necessary if the board wants to know how to ...

- make their meetings more efficient and effective
- help committee members communicate with each other
- implement their strategic plan
- manage conflict
- confront change

### Evaluating the Board Itself

The performance of the organization should contain two perspectives: one from the outside that can measure the organization's credibility and the other from the inside to measure people processes such as teamwork or development. This type of evaluation is usually more comprehensive than say, an evaluation of a single program. It can include process and board functioning types of questions, questions about programs and questions about people. Every board should engage in this type of evaluation on a periodic basis.

A board self assessment would be in order if the board wants to know such things as...

- If they are accomplishing what they said they would accomplish?

- How well are they meeting their goals?
- If they are working together as effectively as possible?
- If their board members have the knowledge they need to do a good job?
- If customers/organizational members are satisfied with their work?
- If the changes they committed to improved their progress?
- If they are back on track financially?
- If board membership is reflective of the community they represent?

### **Guiding Questions on *When to Evaluate***

How often a person, program/service or the board itself is evaluated will depend upon many variables that are specific to individual boards including cost, time and person power. Ideally, evaluation is a continuous and ongoing process that is a natural part of the board's work.

Individuals. One popular method for evaluating people (for example, the executive director) is to give them an assessment once a year. The "once a year" strategy allows enough time for individuals to gain information on areas they need to develop further and to organize and implement an action plan to make changes.

A board that is committed to developing its people may give all board members the opportunity to complete an individual assessment once a year. This assessment can be done on a simple "self-assessment" level where only the board member in question completes it and analyzes the information. While this method is very useful, it can be even more powerful to invite each member to complete a 360-degree assessment for multiple developmental perspectives.

When deciding to evaluate all members of the board, costs must be considered. Self-assessments might be low cost because they can be created and disseminated by the board members themselves. While 360-degree assessments are excellent tools, they are often expensive and require the assistance of an outside facilitator. Due to financial reasons, some boards may decide to create their own evaluations or to use an outside facilitator to evaluate officers on a yearly basis, and the remaining board members every other year.

Programs and Services. All programs and services should be evaluated at some level. The type of program will determine the questions used to evaluate them. For example, is the program ongoing or will it occur only one time? Is the program just being developed, is it already in progress, or has it been completed? Ongoing programs that are doing well and are fairly stable may only need to engage in a comprehensive evaluation every one to two years. A new program should be evaluated more frequently so that necessary adjustments can be made (after 3, 6, or 12 months in existence). For programs that are not ongoing, the minimum level of evaluation would be to gather data immediately after the program has been completed. For fairly complex programs, boards may want to consider a maximum level of evaluation that would include a pretest, a mid-program evaluation, a post-test, and a long term post-test (e.g., 3-6 months after the program has been completed). Clearly, program evaluation can get time consuming and expensive! More specific information on how to evaluate programs is outlined below in the "program evaluation" section.

The Board. The National Center for Nonprofit Boards recommends that a comprehensive self-evaluation of the board only be completed every three to six years. One way to determine whether or not to evaluate more often is to gauge how stable the board's circumstances are. If the environment and the work are fairly stable then the board need only evaluate closer to every six years. The less stable the board environment and circumstances, evaluation should fall closer to every three years (Carver, 1997; Szanton, 1998).

The National Center for Nonprofit Boards also cautions, however, that the three to six year guideline should be reconsidered whenever there has been a considerable change in the nature of the organization's work or if the board itself begins to be concerned about effectiveness.

### **Guiding Questions about *Who* Should do the Evaluation**

Evaluations can be conducted internally, by a board member or staff person; or, externally, by a professional consultant. The board can examine the pros and cons of internal or external evaluators based upon the type of evaluation they are engaging in. Some evaluations (for example, board self-evaluations at the end of every meeting) are very effective when conducted internally and some are more effective when conducted externally (such as a comprehensive board self-assessment requested by a funder or a 360-degree individual assessment).

According to the National Center for Nonprofit Boards an internal evaluator has certain advantages over an external evaluator. Specifically, an internal person can preserve the confidentiality of the organization and keep costs low. They recommend an internal evaluator when the evaluation task appears to be straightforward and can be completed by using the skills and experience at hand. For example, an individual board member can be in charge of a simple evaluation task, or an internal group can be chosen to lead a more complex evaluation.

However, because those who work on and with the board are so involved in what they are doing, it is sometimes difficult for them to see the true impact of a program or the less than effective dynamics of board meetings. Outside observers are valuable because they can ask the difficult questions and provide a more objective viewpoint. This objectivity is crucial to really gain an understanding of what is happening. In addition, funders often require outside evaluators because they may feel that they are receiving an unbiased viewpoint when considering funding decisions for a particular board. Additionally, members of the board may not possess the skills necessary to develop a particular type of evaluation or analyze the results. A final reason to consider an external evaluator is time. Evaluations can be time intensive, and placing the responsibility on an already over-worked board member could be problematic!

What to look for in an external consultant. Good evaluation consultants will understand a wide variety of evaluation tools and methods. They will help educate the board on the importance of evaluation. They will discuss evaluation options with the board and work with them to come to a mutually agreeable system. This includes assisting members in gathering data and understanding the information received. In addition to evaluation knowledge, a good consultant should also be able to communicate well and help the board follow up on the changes indicated by the evaluation. This

type of assistance is given only by a consultant who can offer a broad range of services that includes recommendations for improvement as well as the ability to collect and process data.

## **Confidentiality, Feedback and Action Planning**

### **Confidentiality**

With all evaluation data, it is important to consider confidentiality. Who will have access to the information? Is some information more sensitive than other information (for instance, compensation data versus how many people attended a program)? During the process of deciding what to evaluate as well as who will be involved in the evaluation confidentiality of the information gathered should be a relevant factor. What information would the board prefer stay within the boundaries of board conversations? What information should be shared with funders or the media? What information would an individual want to have personal control over so he or she could decide whether or not to share it with other board members (such as a 360-degree evaluation that suggests very poor communication skills)?

### **Feedback**

For internal board evaluations that are not facilitated by an outside consultant, deciding how to manage and disseminate the information is a key consideration. The way in which the feedback is given can have a great impact on how anxious individuals and groups feel after the evaluation process. As has been mentioned, evaluation should be an opportunity for continuous learning, not punishment of board members! Listed below are a few suggestions for those in charge of outlining the results of an evaluation effort. The ideas work for giving both individual feedback and group feedback:

When giving feedback, make sure it is...

- a) specific information rather than general
- b) descriptive of the behavior/issue rather than judgmental
- c) directed toward behaviors/issues the receiver/s can do something about
- d) clear, accurate, sincere and based on the data gathered

(adapted from Peer Coaching & Feedback, The Fanning Institute for Leadership)

### **Action Planning**

One of the benefits of evaluation is that boards and individuals can receive feedback on areas that need improvement and change. Once the feedback is understood by the individual, group or program planners, the next step is putting the changes into action! The best action planning advice for anyone who is trying to develop new skills or make improvements to a program is to create a plan that works and stick with it. There are as many ways of learning and changing as there are individuals on boards. What works for one person or group may not work at all for another!



A general guideline is to start with setting goals that are based on the feedback given. How these goals are accomplished may take many directions. The Fanning Institute recommends that individuals set “SMART” goals. In other words, they should be Specific, Measurable, Action-oriented, Realistic and Time bound. It is sometimes helpful to share the goals with one or more people. As a board, an excellent strategy is to be supportive of the action plans of other members. For example, if the board knows that several people would like to enhance their program development skills, ask them to take the lead on the next program. Publicly set goals allows for the opportunity to share the ownership of change that makes it a little easier to manage (Duca, 1996).

Hicks and Peterson (1997), experts on individual assessments and personal development, recommend the following five-step process they call “development FIRST”:

- 1) Focus on critical priorities
- 2) Implement something every day
- 3) Reflect on what happens
- 4) Seek feedback and support
- 5) Transfer learning to even more complex situations

Regardless of the method used, the important part of action planning is to purposefully and carefully commit to doing something about feedback that suggests needed changes.

## **Evaluating Individuals**

As in all good evaluation, assessing individuals must first start with coherent criteria against which to compare them. The board must have a clear understanding of the role each person plays. It is then important to build into policy who will be evaluated, how often they will be evaluated and by whom. Once someone is evaluated, the process continues to the feedback stage. It is important to consider who will give the individual feedback from the evaluation, and then how the individual can best follow up on what he or she learns. An evaluation that does not end in action planning by the individual is a wasted effort! Don’t forget, the key to individual evaluation is continual development and improvement.

## **Individual Performance Evaluations**

### **Commercial**

In general, performance and process evaluations are the two categories that are used most when evaluating an individual. The types of individual evaluations vary widely depending upon what the board is trying to accomplish. Some boards use commercially prepared or “off-the-shelf” evaluations that are available through testing services. These types of evaluations are usually administered by an outside facilitator or consultant. Many 360-degree assessments for individuals are developed commercially. The advantage of these types of tests is that they are well-created, statistically sound measures that are developed by assessment professionals. The disadvantages may

be cost or the possibility that not all criteria the board wishes to evaluate are represented on the test. Fortunately, there are numerous tests to choose from. To determine which pre-prepared assessments are best for the board's purposes, they should discuss their needs with a knowledgeable consultant.

### **Customized**

Another very popular type of individual assessment is one that a board creates themselves (or with the help of a consultant) that is based upon specific criteria relevant to its board. The advantage of this type of evaluation is that information is gathered on the points that the board is most interested in assessing. In addition, the cost could be lower than buying commercially prepared assessments. The disadvantage of customized assessments is that they are time-consuming to develop. In addition, creating them may take special skills that might not be represented on the board. You can find an example of a customized individual evaluation at the end of this chapter.

### **Who Should be Evaluated, how Often and by Whom?**

As mentioned previously, most boards will evaluate their executive director or their officers on a yearly basis. Individual members and staff can also be evaluated in the same manner. Summarized below are suggestions for criteria that can be assigned to different types of board members. In addition are recommendations for how often they should be evaluated. Keep in mind that these are simply guidelines. Only the board can determine what evaluation schedule is best for its purposes. The outline for evaluations described above may be helpful to review as it also applies to individuals.

### **A few Questions to ask before Engaging in Individual Evaluations**

- 1) Why do we want to evaluate this individual? What do we hope the result will be?
- 2) What are our criteria?
- 3) Is there someone on the board (or a group of people) who can create this evaluation, process the results and give the feedback?
- 4) Should an outside consultant be hired to select and manage the evaluation?
- 5) How much money can we budget for this evaluation process?
- 6) Who will monitor and be accountable for the follow-up actions after the evaluation?
- 7) How often should this evaluation occur?

### **Individual Criteria for Board Members**

Because creating good criteria is the first step in a successful evaluation process, outlined below are some basic job descriptions for various positions on the board. These descriptions are meant simply as broad guidelines that can be further customized to suit the purposes of individual boards. The intention is to give boards a starting place for developing specific criteria for board members and officers that can be a standard for the board to compare against during evaluations of those members:

General Characteristics. Weisman (1998) suggests that board members wear many hats. They are trustees and stewards for the community they represent. This includes the responsibility to make and manage policy, to be an ambassador, fundraiser and volunteer. They should be somewhat knowledgeable about board governance. In addition, it can be extremely valuable to a board if the member has expertise in needed areas such as policy, finance, program development and implementation, or personnel issues.

Directors should be elected to the board in a specified manner and serve for a specific term. Requirements for their job description could include:

- Must serve and actively participate on at least one committee of their choosing
- Must attend quarterly board meetings
- Should plan on committing at least 10 hours per month to board work
- Must prepare for and participate in board discussions
- Must avoid any conflicts of interest with the board
- Must help establish and implement board strategic plan
- Should recommend policy to the board
- Should always be accountable to funders and the community
- Should always attempt to foster positive working relationships with staff, community members and others on the board.
- Must participate in the annual board self-evaluation.
- Must engage in a personal evaluation in October of each year and create a yearly goal statement based on the results

— adapted from “Job Descriptions,” [www.boarddevelopment.org](http://www.boarddevelopment.org)

Stoesz and Raber (1997), Weisman (1998), Robinson (2001) & Duca (1996) suggest that an ideal board member have the following traits that could be used as criteria for individual board member evaluation.

- Compatibility with the organization’s values
- Sound judgment
- A persistent pursuit of justice
- A willingness to be part of a team and care about team outcomes
- An ability to do hard work
- Contributions to ideas and solutions
- Can recognize and respect differences in others
- Can value the ideas and contributions of others
- Listens and shares information
- Asks good questions and gets clarification
- Keeps commitments
- Is flexible
- Is future focused

In addition to the characteristics listed above for all board members, boards may add the following criteria to the evaluation of officers:

Chair. The chairperson provides essential leadership that helps to unify a group of board members who may have different needs and expectations. He or she plays a motivational role to maintain the board's spirit, as well as a functional role that guides the board's structure, work, decisions and relationships. A few of the more specific job functions a chair may take on include:

- Calling, structuring and presiding over meetings
- Managing conflict
- Assigning committee members and chairpersons
- Orchestrating strategic planning
- Clarifying board roles and responsibilities
- Managing the evaluation of officers and/or members
- Establishing the processes for orientation, training and development
- Monitoring financial planning
- Playing a leading role in fundraising
- Leading the annual board self-evaluation

Vice Chair. The vice chair is the person that usually succeeds the chair and performs the duties of the chair's position when he/she is absent. In addition, the vice chair may:

- Report to and work closely with the board chair
- Be an active member of the executive committee
- Have the authority to sign documents for financial and legal purposes on the board's behalf

Treasurer. The criteria for a treasurer's job description could include:

- Managing the finances of the organization
- Understanding and interpreting financial statements for members
- Chairing the finance committee
- Having the authority to sign documents for financial purposes
- Providing annual budget recommendations
- Adminstrating all fiscal matters
- Ensuring the development and review of financial policies/procedures

Secretary. The criteria for a secretary's job description could include:

- Maintaining all records
- Preparing and managing minutes of board meetings
- Ensuring the accuracy of minutes and disseminates to members
- Being familiar with all legal documents pertaining to the board (such as articles and bylaws) and speaking to their applicability during meetings

## **Evaluating the Board as a Group**

Just as it is excellent practice to evaluate and develop individual board members, it is essential for the board as a group to check its own vital signs from time to time. The challenges that face boards on a daily basis call for teamwork, creative leadership, financial savvy and organizational prowess. Boards that make use of assessment tools on a regular basis to make positive and practical changes are ensuring that they are serving their constituents well. Rarely does future-focused change happen when a few board members “evaluate” the meetings in the parking lot or at lunch the next day! Carver (1997, p. 12) states that board self-evaluation is really about asking three questions: 1) “what is our job?” 2) “are we getting it done?” and 3) “are we acting the way we said we would act?”

### **Types of evaluations**

Commercial. Self-evaluations for the board, as a group, are similar to individual evaluations in that there are many commercial or “off-the-shelf” assessments available to choose from. Just as in individual assessment choices, boards should take care when choosing a standardized measure, as the questions may not always coincide with everything the board wishes to evaluate. A good standardized measure will be one that is easily adaptable for the board’s purposes and can easily be scored and interpreted by board members. Four resources for pre-prepared measures by the National Center for Nonprofit Boards and one from Peter Drucker can be found in the resources section at the end of this chapter. Several websites also offer self-assessment examples including [www.nonprofits.org](http://www.nonprofits.org) and [www.mangementhelp.org](http://www.mangementhelp.org). In addition, keep in mind that a good evaluation consultant can help boards navigate the choices and come up with the best self-assessment solutions.

Customized. The second type of evaluation, of course, is customized. These evaluations can be developed by chosen board members or by an evaluation expert. The same advantages and disadvantages that applied for individual assessments are relevant here. The cost may be lower, but creating a self-assessment can be time consuming and may take skills not represented on the board. One of the best ways to develop a customized solution is to borrow examples from other, similar, boards and organizations. Several examples of vastly different customized self-assessments are presented at the end of the chapter to generate some ideas for boards that want to customize an evaluation themselves.

On-the-spot. Regardless of the topics and size of the self-evaluation, it is the habit of consistently assessing and acting on feedback that is critical. Some boards assign an individual or group of members to make an evaluation report at each meeting. The benefit of frequent monitoring is that changes can be made immediately without waiting for a major self-assessment to occur. One board, studied by Oliver (1999, p. 148) asked a member to report on the following questions at the end of every meeting:

- a) Was the board prepared?

- b) Was time spent on ends and not means?
- c) Did everyone have a chance to participate?
- d) Was everyone treated fairly?
- e) Was a diversity of viewpoints encouraged?
- f) Was decision making a collective effort?
- g) Did the board look to the future in its work today?

Another suggestion by the Minnesota Council of Nonprofits is to conclude each board meeting by asking members to rate various aspects of the meeting on index cards. These cards are then given to the board chair and executive director to improve the value of subsequent meetings.

## **Getting Started**

Many of the same guidelines that apply to individual assessments also apply to organizations and programs (see below). The true value of a board self-assessment lies in capturing and comparing the various perceptions of board members. The first steps are deciding what the board wants to evaluate and then examining and monitoring the criteria against which they would like to compare the results. The results should lead the board to insights about what they are doing well and what areas need some attention. These insights should inevitably lead to actions that move the board and its work forward.

Robinson (2001) suggests that for a board self-assessment to succeed, the following principles must be adhered to:

- a) the full board must participate
- b) a committee should be formed to oversee the evaluation and manage results
- c) a clear timetable for when it will be done, returned and reviewed should be established
- d) a special time should be set aside to review the results and establish an action plan to address weaknesses
- e) a system to monitor the progress of the action plan should be implemented

In addition to the commitment and the evaluation process recommended above, the board must decide if it will use a customized or off-the-shelf assessment. The answer to that question will lie in the decision of “what” to evaluate. The range of topics that cover the entire scope of work that the board accomplishes can be overwhelming! If the board is doing a comprehensive self-assessment—one that occurs perhaps every three years—then it should include as many categories of work as possible (for example, people, programs and processes). However, the board can also choose to do a targeted self-assessment at the end of each meeting, perhaps only addressing the nature of its work processes. Other issues that are frequent topics of self-assessments include the mission and vision; the board structure; effective meetings; finances; fundraising; programs; compliance; public relations and personnel.

The board self-assessment is probably the most common form of evaluation boards engage in. There are many resources for creating and managing self-assessments. The best strategy, again, is to find a system that works for the board and commit to implementing it. This includes using the information gathered as a tool to consistently improve the board’s overall work.

## **Evaluating Programs**

Program evaluation is a complete field in and of itself, and it would be difficult to tackle all aspects of it here. For the purposes of this book, three aspects of program evaluation will be covered in this section: 1) the different levels of program evaluation; 2) evaluation questions for the beginning, middle and end of programs; and 3) a few program evaluation techniques.

### **Levels of Program Evaluation**

Professional program evaluators generally examine at least five different levels of evaluation. These levels provide boards with a wide range of information that may be relevant to different constituents at various times. While each successive level becomes more difficult to evaluate, the increased difficulty yields more detailed and powerful information about the program.

The first level focuses on participant *reactions and actions*. These questions assess whether or not participants were satisfied with the program and what they plan to do as a result. Note that these are “planned” actions—or what participants say they are going to do—not an assessment of actual behaviors. Participant satisfaction information is very useful. It can be used, for example, in marketing the program (for instance, 100% of people who went through the program stated that they would recommend it to a friend).

The second level of evaluation that can be assessed is *learning*. This level measures actual changes in knowledge, skills and attitudes. This level is more difficult to assess than simply asking the question, “were you satisfied with the program.” Uncovering whether participants learned something may take different evaluation techniques, such as having them discuss what they learned in a focus group. However, it is easy to see the increased value of understanding if something was actually learned in addition to whether or not people liked the program.

The third level of evaluation focuses on *application*. This type of assessment gathers information on changes in actual behaviors or the extent to which participants can transfer aspects of the training from the program to their lives. Measuring changes in behavior would call for unique evaluation techniques such as observations or pre- and post-testing. For example, if a health network provided a program on obesity and weight management they may want to know that the participants were not only satisfied with the program (level one); that they stated they learned healthier ways of eating (level two); but, that participants actually used what they learned to make better diet choices on a daily basis (level three evaluation).

The fourth level of program evaluation relates to *impact*. These types of measures look at ways in which a program has actual impact on community variables. For example, due to the program on obesity and weight management, this type of evaluation would aim to demonstrate a link between the program and fact that the community had less people use emergency services at the hospital during a specified time period.

Last, and most difficult to assess is the fifth level which is *return on investment*. Funders covet this type of evaluation as it compares the actual benefits of the program to the costs of the program. Are the benefits greater than the costs? Is the funding agency’s money being used wisely and for maximum impact? It can be very tricky indeed with nonprofit work to equate what the board sees as a clear benefit to the community with a funder’s cold, hard cash!

The deeper into the program evaluation levels a board wishes to go, the more they probably want to consider hiring an outside consultant to help them. In addition to the reasons given previously about the advantages of an outsider, someone who is proficient in program evaluation can help with other techniques, such as developing surveys, leading focus groups, conducting interviews and observations and analyzing pre- and post-test data.



## **Questions for evaluating the beginning, middle and end of programs**

In addition to different levels of evaluation, programs can be assessed at different points in the program cycle. The questions used to gather information will necessarily be different depending upon whether the program is in the beginning stages of being created, in mid-course or at the end of its run. The best way to evaluate a program at various stages is to build in a system for continual evaluation as the program progresses. A built in system is a great way to relay information to the board about how well the program's objectives are being met and whether or not adjustments should be made in the program mid-course. Otherwise, the program could run unchecked until the very end and result in a poor final evaluation. This could cause funders to pause before granting money a second time! Adjustments made in the middle that significantly improve the direction a program is going could make all the difference in whether or not the final program outcome is effective. Szanton (1998) developed a series of evaluation questions that are specifically related to where a program is in its life cycle. Adaptations of those questions in addition to others that may be helpful in developing a program evaluation are listed below:

Before a program begins ask...

- What need is the program to address and what do we want to accomplish (for instance, developing objectives and criteria)?
- What lessons have been learned from others who have tried to respond to the need (is there evaluation data out there that can be useful)?
- What are others currently doing to address the need (can we evaluate current services so we don't duplicate efforts)?
- Do we have the skills and knowledge to accomplish it (a board self-evaluation addressing available skill resources may be needed)?
- What measures of evaluation should be used, and who should do the evaluation?

If a program is in mid-course ask...

- What has been accomplished so far?
- What benefits have been achieved so far?
- Are the objectives and strategy realistic?
- What changes would be helpful at this point?

If a program has been completed ask...

- Has the program accomplished what it said it would?
- If it has not, why did it fall short of what was expected?
- Was the program development process adequate?
- What unanticipated problems occurred?
- Should the program be a model for others? Should it be expanded?
- Would our objectives be better accomplished by a different approach?
- What pieces of what we learned with this program should be disseminated to others?

## **Program Evaluation Techniques**

While written evaluations of programs are very common, there are other techniques that can be used successfully, and may even be better in certain circumstances. For example, instead of asking participants to complete an evaluation after a day-long program, consider conducting a *telephone survey* a week later. Evaluators may receive more complete information that way instead of asking for written comments as participants are rushing to leave.

Another valuable way to evaluate programs is to conduct *focus groups*. Focus groups consist of five to ten people who are brought together by a facilitator to discuss the program. The advantage of a focus group is that evaluators may receive more elaborate information than they would have gotten if participants were asked to simply check “yes” or “no” on a written form.

While it may seem counter intuitive to talk to the competition, *interviews* with competitors may provide great insight into the value of programs. For example, if a competitor is referring people to a program resource they do not provide themselves, ask them why—what do they like about that program? Why is it valuable to them? In addition, evaluators could ask competitors if they are aware of their services and how they could work together collaboratively.

Last, direct *observation* of a current program can allow an evaluator to gain broader information than a written form may provide. The evaluator’s observations may lead to questions that they may not have asked otherwise. Observation of participants before and after a program can lead to insights about the extent of actual learning and transfer of skill that is taking place because of the program. One cautionary note regarding observation: take care not to observe parts of programs and make assumptions that are then generalized to the whole program. For example, if a program that is observed for two hours seems to be chaotic, use that information only as a starting point. Then observe the program at different times of the day, or ask questions as to the nature of the activities during the time observed and why they seemed unorganized. Perhaps the person facilitating the program was filling in for someone who was sick, or, perhaps, a new technique was being tried.

## **A Mini-Guide to Creating Great Evaluations**

Using the talent of selected board members to create customized evaluations of individual, committee, program or overall board work can be an effective and low-cost way of gathering vital information. If good criteria are available to measure what a board would like to evaluate, developing an assessment need not be difficult. There are, however, some strategies to creating clear, concise evaluations that can give the board the information it is seeking.

### **On-the-Spot Evaluations**

There are many simple ways for boards to gather information on a consistent basis. These methods can be used at the end of every board or committee meeting to check in on board processes, celebrate successes or unearth any conflict that may be brewing. These types of evaluations do not require pre-planning, except for reserving a spot on the agenda to make sure they happen. The

information obtained can be compiled on a flip chart and posted in the minutes to be disseminated to all members. Here are two specific examples to try at the end of the next board meeting:

**SWOT Analysis:** The person responsible for evaluations (chair or vice chair) will lead a discussion at the end of the meeting and write themes on note or flip chart paper. The discussion topics can range from board processes (such as communication), to board products (such as our blood pressure screening program), to people (such as our finance committee). The content of the discussion will follow this format:

1. What are our Strengths?
2. What are our Weaknesses?
3. What are our Opportunities?
4. What are our Threats?

**Stop, Start, Continue.** Another popular on-the-spot evaluation follows the same general idea as the SWOT analysis but uses questions that are a little more focused on board processes. Specifically, a discussion is led with the following guiding questions:

1. What do we want to STOP doing as a board?
2. What do we want to START doing as a board?
3. What are we doing well, that we want to CONTINUE doing as a board?

In both cases, the key to following up on these quick information gathering techniques is to record them in the minutes and then ask the board to consistently hold itself accountable for what it says it will do (for example, if the board wants to START being on time, then they must call themselves on “violations.”)

## **Written Evaluations**

A written evaluation can contain both qualitative and quantitative data. Quantitative data is any information that can be counted, measured, or compared to a standard. It is fact-based information (for example, numbers of people served in programs, numbers of people with lower blood pressure after six months or percentage of people accessing emergency services six months after instituting a screening program).

Qualitative data, on the other hand, is descriptive information that is drawn from what people actually say about programs, people or processes. In addition to written evaluations, this information can be collected through interviews, focus groups, observation, reviews of written materials, questionnaires and informal feedback sessions (for example, how do people feel about the screening process? Is it easy? Accessible? What would they change?).

The best written evaluations will collect a combination of quantitative and qualitative information. What is important to keep in mind when thinking about how to customize an evaluation is that the board must have some way to analyze the information it gathers. For quantitative information, questions can be written on a scale of one to five, for example. The answers to the questions can

then be averaged across all respondents. For qualitative answers, the board can look for trends across all respondents (for instance, eight out of ten people stated we should discontinue that program).

While analyzing information in this way is not necessarily statistically sophisticated, it can help give boards a consistent way to evaluate elements of their work they may not otherwise examine. As has been suggested previously, however, the board should seriously weigh the pros and cons of doing an evaluation themselves versus hiring an outside consultant. While some internally created evaluations are excellent for some purposes, others (such as those requested by funding agencies) may not be seen as having much value.

### **Writing Items to be Rated or Questions**

Evaluation questions should be clear and concise. In addition, they should not be “double-barreled,” or combine two ideas into one question. For example, a question that asks on a scale from one to five, “is this member efficient and honest?” is difficult to answer. She may be very efficient (a “5”) but not very honest (a “2”). Written evaluations should be fairly easy to complete and well timed. A 45-minute evaluation that is given out at the end of a meeting may not return the best information! If the items are short and to the point, and the person is able to answer them easily (by just circling a number or checking a box), the more willing the participant may be to complete the evaluation.

One tip for writing items that are answered on a scale is to make sure the scale numbers are clearly labeled so that the person knows what a “good” answer is and what a “bad” answer is. For example, a typical scaled item may look like:

The treasurer reports are easy to understand.				
1	2	3	4	5
Almost never	Sometimes	Half of the time	Most of the time	Almost always

One tip for writing qualitative questions is to avoid creating items where it is easy to give a “yes” or “no” answer. A better strategy is to try to write in an “open-ended” fashion so that more information can be gathered. Examine the difference in the information a board may get by asking the following close-ended question versus an open-ended question:

Did you like this program?	<b>Versus</b>	What did you like about this program?
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A great way to get started with creating evaluations is to borrow samples from similar organizations. The Web resources listed below offer sample questions as well. Finally, Popham (2002, p 126), an expert in developing tests for educational settings, expresses his guidance for writing evaluations in this way:

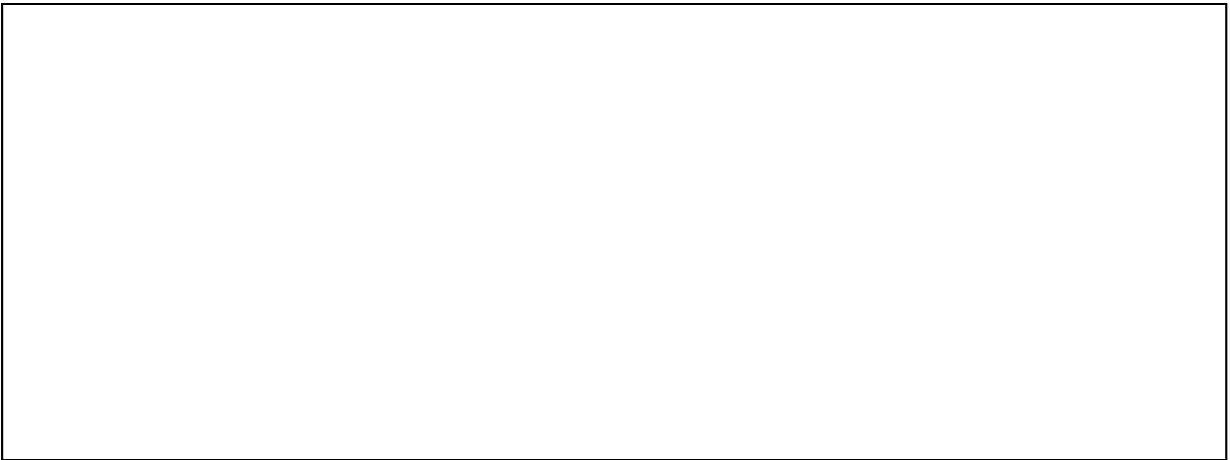
### **Item Writing Commandments**

- Thou shall not provide complicated directions regarding how to respond to your evaluation.
- Thou shall not employ ambiguous statements in your assessment items.
- Thou shall not employ complex syntax in your assessment items.
- Thou shall not use vocabulary that is more advanced than required.

## **Summary**

In this chapter, we focused importance of creating a system to consistently evaluate a board's people, processes and programs. The idea that evaluation cannot occur without first developing criteria against which boards can measure success was explored. Various types of evaluations for both individuals and groups were outlined, and examples of each type were given. In particular performance, process, program, and outcome evaluations were explained. It was discussed that all of these types could be combined on both individual and group evaluations. In addition to types of evaluations, the importance of confidentiality and follow-up actions were key points. The differences between "off-the-shelf" evaluations and customized evaluations were compared, and a guide to creating customized evaluations was outlined. Overall, evaluation was stressed as a key responsibility for boards to engage in at various levels and times in their work.

## Learning Exercises and Activities



#### **Exercise Four**

What changes would you make to customize them?

#### **Exercise Five**

Generate a list of various categories of work that your board engages in. Prioritize that list in terms of what elements are critical to evaluate on a consistent basis.

#### **Exercise Six**

Develop a plan for incorporating an evaluation system into your board's current work that would include the prioritized categories generated.

### ***Case Study Exercise & Questions***

Read the case below and answer the questions that follow:

A collaborative of health care providers, community leaders and county governments has a common mission of more effectively addressing the issues of uncompensated care and more effectively serving the uninsured. The network is trying to accomplish their objectives by ensuring access to a continuum of primary and specialty care, diagnostics, prescription drugs, hospital services, disease management and holistic care management. The vehicle is a cadre of providers and partners that volunteer time and services for the patients identified by the network staff. The network has several challenges including demonstrating the cost savings to the healthcare system, the benefits to the partners, and the improvement in health status of the patients they are serving. The main funder of this collaborative, as well as several board members, is now demanding data which shows the true value of the network to its own individual activities and the extent to which the network is meeting its previously established objectives.

Implications:

- Without an evaluation plan that is put in place at the outset of an activity, the ability of a network to communicate its true value to funders, as well as community partners is undermined.
- The network may lose current board members and may miss out on new funding opportunities if it is unable to demonstrate how it and its programs are serving the community.

### **Questions**

1. What type/s of evaluation is/are called for in this situation?
2. What type of objectives and evaluation criteria could be created for this network?
3. Using the objectives developed in question 2 and the evaluation guidelines in the chapter, design a system for evaluation to help this board demonstrate the value of its programs. What would you do first? Second? How would you follow-up?
4. What lessons can be learned from the case study that you can apply directly to your board work?



## Resources

- Allison, M. & Kaye, J. (1997). *Strategic Planning for Nonprofit Organizations: A Practical Guide & Workbook*. John Wiley & Sons, Inc., New York.
- Carver, J. (1997). *Boards That Make a Difference: A New Design for Leadership in Nonprofit and Public Organizations (2<sup>nd</sup> ed.)*. Jossey-Bass Publishers, San Francisco.
- Carver, J. (1997). *Board Self-Assessment: The Carverguide Series on Effective Board Governance*. Jossey-Bass Publishers, San Francisco.
- Drucker, P.F. (1990). *Managing the Non-Profit Organization: Principles and Practices*. HarperCollins Publishers, Inc., New York.
- Duca, Diane, J. (1996). *Nonprofit Boards: Roles, Responsibilities and Performance*. John Wiley & Sons, Inc., New York.
- Drucker, P. F. (1993). *The Five Most Important Questions You Will Ever Ask About Your Nonprofit Organization: A Self-Assessment Tool*. Jossey-Bass Publishers, San Francisco.
- Hicks & Peterson, (1997). *Consulting Psychology Journal: Practice & Research*. American Psychological Association.
- Holland, T.P. & Blackmon, M. (2000). *Measuring Board Effectiveness: A Tool for Strengthening Your Board*. National Center for Nonprofit Boards.
- McNamara, C. (2003). "Sample Job Descriptions for Members of Boards of Directors." [www.managementhelp.org](http://www.managementhelp.org)
- Oliver, C. (ed.) (1999). *The Policy Governance Fieldbook: Practical Lessons, Tips, and Tools from the Experiences of Real-World Boards*. Jossey-Bass Publishers, San Francisco.
- Pierson, J. & Mintz, J. (1995). *Assessment of the Chief Executive: A Tool for Boards and Chief Executives of Nonprofit Organizations*. National Center for Nonprofit Boards.
- Popham, J.W. (2002). *Classroom Assessment: What Teachers Need to Know (3<sup>rd</sup> ed.)*. Allyn & Bacon, New York.
- Robinson, M.K. (2001). *Nonprofit Boards That Work: The End of One-Size-Fits-All Governance*. John Wiley & Sons, Inc., New York.
- Slesinger, L.H. (1995). *Self-Assessment for Nonprofit Governing Boards*. National Center for Nonprofit Boards.

Shultz, S.F. (2001). *The Board Book: Making Your Corporate Board a Strategic Force in Your Company's Success*. American Management Association.

Stoesz, E. & Raber, C. (1997). *Doing Good Better!: How to be an Effective Board Member of a Nonprofit Organization*. Good Books, Intercourse, PA.

Scanton, P. (1992). *Board Assessment of the Organization*. National Center for Nonprofit Boards.

Szanton, P. (1998). *Evaluation and the Nonprofit Board*. National Center for Nonprofit Boards (NCNB), Washington D.C.

Weisman, C. (1998). *Successful Boards: The Best From the Nonprofit Pros*. F.E. Robbins & Sons Press, St. Louis, MO.

Websites:

[www.Boarddevelopment.org](http://www.Boarddevelopment.org)

[www.ncnb.org](http://www.ncnb.org) (National Center for Nonprofit Boards)

[www.mncn.org](http://www.mncn.org) (Minnesota Council on Nonprofits)

[www.compasspoint.org](http://www.compasspoint.org)

[www.onlinewbc.gov](http://www.onlinewbc.gov) (Women's Business Center)

[www.managementhelp.org](http://www.managementhelp.org)

## Examples of Evaluations

The following examples are provided as guides to evaluations. The first example from “Synernet, Inc.” includes the assessment guide they give to their members as well as examples of the criteria they use for performance measures. The second example is from “Health Future” and shows an executive’s performance evaluation as well as rating criteria. The third example is an employee performance appraisal that gives multiple ideas for categories that can be evaluated on individuals. Lastly, the fourth and fifth examples show evaluations of executive directors.

### Example One

#### SYNERNET, INC. Evaluator's Guide for Performance Appraisals

The key to success in any endeavor is preparation. In this case, preparation means sitting down and creating objectives for the performance period. We've got to ensure that people know what's expected of them if we ever expect them to achieve it.

Think of setting objectives as a road map with a set of directions. The road map is your organization, or your industry, and the directions lead employees to their goal. If people don't know where they're going, how can we ever expect them to get there? How will they know when they've arrived? ***It's also critical to get employees' input on their own objectives*** if we want to increase their commitment to achieving those goals. If people feel that they have a voice in their assignments, they will frequently work harder toward the success of those assignments.

#### ➤ **Assessment:**

A major responsibility of management is assessing and giving timely feedback to staff on their performance. There are many benefits to doing this.

Benefits of a Performance Management System:

- Alignment with goals and mission
- Focus on what's important
- Early problem resolution
- Feedback and training for development
- Recognition of good performers
- Retention of key employees
- Hire and promote people with right skills
- Improved organizational performance

Feedback on performance that is given as soon as possible has proven to be the most effective. It is not effective to provide good and/or bad performance feedback weeks after the job is done. Let people know quickly so they can either address the error or replicate the success. This also addresses two of the most common fears that managers have about performance appraisals: confrontations and surprises. Many managers avoid delivering performance reviews because they fear confrontation. They see it as an "us versus them" event. This is usually a result of a lack of communication between the manager and staff.

### **How Performance Management Systems Fail:**

- Goals are unclear
- Individual goals are not aligned to organizational goals
- Standards are unattainable
- No ongoing feedback
- Inconsistency in treatment
- Avoidance of real issues
- Blaming and defensiveness

If the performance review is the only time that managers talk with their staff about how they are doing, and especially if employees feel that this one meeting has tremendous impact on their salary increases, the meeting takes on enormous proportions. Ongoing communication throughout the year is the key to reducing the fear and anxiety associated with this meeting. Continuous assessment and feedback is the key to ensuring that there are no surprises, which of course also lessens the likelihood of a confrontation.

### **The performance management process should be an on-going or continuous cycle. Activities to be included in the process include:**

- Appraisal & development discussion "The Review"
- Goal setting
- Coaching and feedback
- Mid-year review
- Coaching and feedback
- The annual review

#### **➤ Review relevant documents**

Before you actually do sit down with the employee, review all your documentation from the year. Take a look again at the goals and objectives that you and the employee developed and documented at the beginning of the year. Review any commendations or letters you may have received about the employee during the year and any notes from the meetings that you had with the employee. Then sit down and write the first draft of the performance review.

#### **➤ Determine the "setting"**

Make sure that you have an appropriate setting in which to deliver the appraisal. The most commonly used location, a manager's office, is often the worst place. A conference room is often best, but if that is not available, find some other place. Consider meeting in the employee's office if it has a door, or borrowing a colleague's office. You want the setting to relax employees, not add to their anxiety.

➤ **Be clear in the delivery**

Deliver the appraisal in simple language, and do not mince words. Address all issues at hand even if the appraisal is not as positive as the employee might have hoped. An employee is apt to sense any discomfort and if they feel that you're not confident in your appraisal, may think that there is a last-minute chance to improve it. This isn't a meeting to renegotiate the objectives or the standards for performance that were set at the beginning of the year. Often managers feel a need to hide the bad news and are afraid to hurt the employee's feelings, or they fear an argument, or just don't like to talk about someone's shortcomings. Many managers feel that if the employee hasn't done as well as expected or hoped this is a poor reflection on the manager. If someone's performance has been subpar, managers owe it to the employee, the organization, and themselves to inform the employee.

*The key elements to successful performance management include:*

- Clear and attainable expectations
- Continuous feedback and coaching
- Acknowledgment of success
- Discussion of shortcomings or problems
- Improvement plans
- Fair and meaningful performance discussions

➤ **Offer encouragement**

At the conclusion of the performance appraisal meeting, which also marks the end of one performance appraisal cycle and, the beginning of the next, your job is to encourage. You want to motivate the employee to continue doing that which they do well and to improve in the areas where there is room for growth. This is the best way to make these meetings productive and positive. Even if the person's appraisal has not been as high as they might have hoped, remind the employee that they are still valued and that you'll support them in their development. Let them know that you believe in them and their ability to improve. Your willingness to work with and invest in them is a wonderful turnaround tool to effect an attitude adjustment.

What really is important far more than skills, is the courage to assess performance honestly. Then reward those who excel and advise non-contributors that up or out is their only alternative.

### **Criteria for Performance Rating:**

***Unsatisfactory*** Performance unacceptable and requires immediate improvement in all identified areas.

***Improvement Needed*** Performance that is below an acceptable level; considerable improvement is necessary in many identified areas.

Characteristics include:

- Frequently performs the job well but not consistently throughout the entire review period.
- Requires considerable guidance and direction.
- Needs supervision in setting priorities.

***Effective*** Performance that is considered the standard for a competent individual, functioning in a fully capable manner.

Characteristics include:

- Achieves results within standards.
- Works with others in a spirit of cooperation and mutual respect.
- Requires only normal supervision and follow-up.
- Makes few errors and seldom repeats those errors.

***Very Effective*** Performance which consistently exceeds an “Effective” level of performance.

Characteristics include:

- Achieves challenging and demanding goals above those expected for the position.
- Substantially influences the success of the Team.
- Exceed position requirements.
- Takes on extra projects without deficiency in key responsibility areas.
- Shows a grasp of "the big picture".

***Highly Effective*** Outstanding performance that far exceeds performance that is expected of a fully capable, qualified, experienced person.

Characteristics include:

- Contributes unique and innovative solutions to problems.
- Aggressively pursues new and additional responsibilities and projects.
- Applies knowledge gained only through significant experience and success in their job duties.



## Example Two



### EXECUTIVE/MANAGER PERFORMANCE EVALUATION

<b>Employee Name:</b>	<b>SSN#:</b>	<b>Hire Date:</b>
<b>Title:</b>	<b>Department:</b>	<b>Appraisal Period:</b>

#### Instructions:

1. Complete Results Achieved Section. Check the one rating which best describes performance for each standard.
2. Check overall rating which best describes performance.
3. Complete the Summary Comments section and Development Plan.
4. Have supervisor review the evaluation prior to discussing it with the employee.

JOB FUNCTION	RESULTS ACHIEVED	O	ES	FC	RI	U
<b><u>Finance/Budget</u></b> The extent to which the executive manages the fiscal affairs of the company.						
<b><u>Interpersonal Skills</u></b> The extent to which the interpersonal attributes are acceptable including communication, cooperation and attitude.						
<b><u>Professional Knowledge</u></b> The extent to which the executive is current with the latest concepts, techniques, and methods relative to the industry and area of responsibility.						



<b>JOB FUNCTION</b>	<b>RESULTS ACHIEVED</b>	<b>O</b>	<b>ES</b>	<b>FC</b>	<b>RI</b>	<b>U</b>
<b><u>Planning/Organizational Skills</u></b> The effectiveness of the strategic planning and development of the annual operating business plan and budget for the company.						
<b><u>Customer Relations</u></b> The extent to which the executive demonstrates a focus on customer/member satisfaction.						
<b><u>Communications</u></b> The extent to which the executive exchanges thoughts, ideas and information effectively, clearly and in a timely manner to the Board and all related audiences.						
<b><u>Goals and Objectives</u></b> The extent to which approved objectives were successfully completed during the fiscal year.						
<b><u>Leadership</u></b> The extent to which the executive provides leadership to the Board, Councils, Task Force, committees, and other areas where leadership is required. The ability to inspire others to excel.						
<b><u>Corporate Culture</u></b> The extent to which the executive has established a climate producing excellent attitudes, cooperation, teamwork, loyalty and professional satisfaction among all the employees and managers.						

<b>JOB FUNCTION</b>	<b>RESULTS ACHIEVED</b>	<b>O</b>	<b>ES</b>	<b>FC</b>	<b>RI</b>	<b>U</b>
<u><b>Innovation and Creativity</b></u> The extent to which the executive displays creativity and innovation and is able to facilitate it in others.						
<b>OVERALL PERFORMANCE RATING</b>						

<b>GENERAL COMMENTS &amp; RECOMMENDATIONS FOR DEVELOPMENT:</b>

**HF Board Chairman Signature**\_\_\_\_\_ **Date**\_\_\_\_\_

**Employee Signature**\_\_\_\_\_ **Date**\_\_\_\_\_

**PERFORMANCE RATING DEFINITIONS**

**(O) OUTSTANDING:**

Achieves results, which regularly and significantly exceed all job requirements and performance standards. Demonstrates exceptionally high quality work and extraordinary proficiency, with little or no supervision.

**(ES) EXCEEDS STANDARDS:**

Achieves results, which consistently exceeds most job requirements and performance standards. Contributes worthwhile new ideas and sound judgment, produces work of high quantity and quality. Requires less than normal assistance and supervision.

**(FC) FULLY COMPETENT:**

Achieves results, which meet or occasionally exceed job requirements and performance standards. Requires normal assistance and supervision. Performance consistently meets all performance standards.

**(RI) REQUIRES IMPROVEMENT**

Achieves results, which occasionally fail to meet all job requirements and performance standards. Exhibits potential to become a Fully Competent performer with coaching and establishment of improvement objectives. May be new in the job or require skill development.

**(U) UNSATISFACTORY:**

Achieves far less than expected results. Consistently fails to meet job requirements and performance standards. Requires more assistance than is acceptable on a continuing basis. Immediate and sustained improvement is required for continued employment. 90-Day probationary period applies from date of appraisal. Continued demonstration of unsatisfactory work performance during the probationary period will result in termination of employment.

### Example Three

## SYNERNET EMPLOYEE PERFORMANCE APPRAISAL

For the period \_\_\_\_\_ to \_\_\_\_\_

Name \_\_\_\_\_

Department \_\_\_\_\_

Date Employed \_\_\_\_\_

Job Title \_\_\_\_\_

Date Employed in Current Position \_\_\_\_\_

Date evaluation due \_\_\_\_\_

### INSTRUCTIONS

- Review employee's work performance for the entire period since the last review; refrain from basing the entire judgment on recent events or isolated incidents.
- Place the number in the box after each performance factor which best describes the employee's performance:

***Unsatisfactory***  
0.0 - .99

Performance is unacceptable and requires immediate improvement in all identified areas.

***Improvement  
Needed***  
1.0 - 2.4

Performance is below an acceptable level; did not meet as many goals as expected and appropriate; considerable improvement is necessary in many identified areas.

***Effective***  
2.5 - 3.4

Performance met or exceeded goals; efforts and commitment were appropriate and generally met expectations.

***Very Effective***  
3.5 - 4.4

Performance substantially met and exceeded aggressive and substantial goals; consistently exceeds effective level of performance.

***Highly Effective***  
4.5 - 5.0

Outstanding performance that substantially exceeds performance expected of a fully capable, qualified, experienced person.

- Total the points for each of the sections and divide by the number of factors evaluated in each section.
- Calculate overall Performance Factor Rating.

**SECTION I - PERFORMANCE RESULTS**

**Major Accountabilities/Annual Objectives** - State the employee's annual objectives or major accountabilities (from job description). Evaluate the employee's performance in meeting these objectives/accountabilities. Consider the extent of technical know-how the employee possesses, quality of the results achieved, the degree to which the objectives/accountabilities were met on time, and the effectiveness of the approach used in achieving the end results.

1. \_\_\_\_\_

Comments:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

☐

2. \_\_\_\_\_

Comments:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

☐

3. \_\_\_\_\_

Comments:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

☐

Sum Total Points \_\_\_\_\_  
÷ by # of Factors Evaluated \_\_\_\_\_

**SECTION I**  
Performance Factor Rating \_\_\_\_\_

**SECTION II - PROCESS AND VALUES**

1. **Creating a Vision** – Is the process of painting the picture of what you, your function, and your employees are trying to accomplish, how that supports corporate objectives and what standards and behaviors should be used to guide actions.

☐

2. **Gaining Commitment** – Gaining commitment involves motivating others and building support for the corporate vision using logic, insight, imagination, and communication rather than authority and control.

☐

3. **Decision Making** - Consider this employee's willingness to make and implement decisions within the parameters of the position, in a mature, responsible and confident manner.

☐

4. **Teamwork** - Teamwork requires competence and balance in openness to others, independence, cooperation, and empathy.

☐

5. **Achieving Results** - Consider how skillfully this employee identifies problems or opportunities at an early stage and the degree of creativity used in arriving at solutions.

☐

6. **Independence** - Consider capacity for work, drive, initiative, personal productivity, and the confidence and reliance placed on this individual to accomplish tasks without direction or follow-up.

☐

**Complete 7 - 10 ONLY if this employee has direct supervisory authority.**

7. **Delegation** - Consider this employee's ability to accomplish tasks through others.

☐

8. **Staff Utilization** - Comment on this employee's ability to recognize differences, strengths, and weaknesses of subordinates; how skillfully is available staff utilized.

\_\_\_\_\_  
Performance Appraisal

Name \_\_\_\_\_

9. **Control** - Consider the degree of control used to ensure proper and prompt completion of assignments.

\_\_\_\_\_  
\_\_\_\_\_

☐

10. **Ability to Motivate and Develop People** - Comment on this employee's leadership and motivational skills and his/her efforts in developing and training subordinate staff.

\_\_\_\_\_  
\_\_\_\_\_

☐

Sum Total Points \_\_\_\_\_  
÷ by # of Factors Evaluated \_\_\_\_\_

SECTION II Performance Factor Rating \_\_\_\_\_

### SECTION III - PERSONAL CHARACTERISTICS

1. **Originality** - Comment on this employee's creativity; tendency toward original thinking when completing assignments.

\_\_\_\_\_  
\_\_\_\_\_

☐

2. **Speed and Quality** – Speed and quality must be considered together and are essential to this employee's initiative and resourcefulness in completing assignments; tendency to take independent action to move projects to completion.

\_\_\_\_\_  
\_\_\_\_\_

☐

3. **Reliability** – Consider willingness to accept assignments, new ideas, change. Consider tendency to be a harmonious rather than disruptive influence; degree of cooperation.

\_\_\_\_\_  
\_\_\_\_\_

☐

4. **Judgment** – Comment on the degree of reliance that may be placed on this

☐☐

person's judgment.

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5. **Customer Orientation** – Customer Orientation means staying focused on meeting the needs of the internal and external customers to whom you provide products, information and/or services.

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Sum Total Points \_\_\_\_\_

÷ by # of Factors Evaluated \_\_\_\_\_

SECTION III Performance Factor Rating \_\_\_\_\_

*Performance Appraisal*

Name \_\_\_\_\_

#### SECTION IV - CONTRIBUTIONS TO SYNERNET

1. How does the employee demonstrate **Integrity** when dealing with internal and external customers?

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2. How has this employee contributed to the open, honest, bi-directional **Communication/ Respect** at SYNERNET?

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3. Describe the improved work processes and the **Technology** used to maximize cost effectiveness.

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4. **Leadership:** How has the employee consistently practiced the principles and values of SYNERNET?

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5. What has been this employee's contribution to the **Customer Satisfaction/Innovation** at SYNERNET?

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6. What efforts have been made to contribute to **Personal Development**?

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- 
7. How has this employee contributed to the **Financial Strength** of SYNERNET? \_\_\_\_\_
- 

SECTION IV

Sum Total Points \_\_\_\_\_  
÷ by # of Factors Evaluated \_\_\_\_\_  
Performance Factor Rating \_\_\_\_\_

***To Calculate Overall Performance Factor Rating Score***

- Add together the performance factors for each section  
(Sec I + Sec II + Sec III + Sec IV)
- Divide Total by 4 = \_\_\_\_\_

*Performance Appraisal*

*Name* \_\_\_\_\_

**SECTION V - EMPLOYEE DEVELOPMENT PLAN**

**1. Summary Comments – Supervisor**

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**2. Comment on your training/development plans for this employee**

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Indicate what progress this employee has made since their last review. Reference training programs completed during this evaluation period.

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Compiled by:	Date:	Discussed by:	Date:
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This evaluation has been discussed with me and I have received a copy.

\_\_\_\_\_  
Employee's Signature

\_\_\_\_\_  
Date

Employee's Comments (use additional sheets as necessary)

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Reviewed: \_\_\_\_\_  
                                    Name                                    Date

#### Example Four

**Re:** Annual evaluation of Executive Director, North Country Health Consortium

**To:** Board of Directors

**From:** Adele Woods, Board President

Please review and rate Martha on the following job responsibilities and goals from your perspective as a Board member or staff member. After the results are compiled, a small group from the board will discuss the evaluation with Martha. A summary of the results will go to all board members. Please return the completed survey in the enclosed envelope by October 31, 2002 to:

Adele Woods

Coos County Family Health Services

54 Willow Street

Berlin, NH 03570

#### Evaluation of the Executive Director

		Not Satisfied		Satisfied		Not Sure	Not App.
How satisfied are you that the Executive Director:		1	2	3	4	NS	NA
1.	has been successful in pursuing or achieving organizational goals?						
2.	has assisted the board in developing a clear vision for the future of the organization?						
3.	has successfully communicated an understanding of the organization's mission to board members, staff, and the community?						
4.	has developed appropriate goals and strategies to advance that mission?						
5.	has established operational objectives that support the organization's strategic plan?						
6.	has efficiently led the staff in the implementation of key strategic issues?						
7.	has effectively led the staff in managing and administering the programs and services the organization offers?						
8.	has a thorough knowledge of the organization's mission areas?						
9.	has a strong understanding of the technical, operational, and ethical issues facing the organization?						
10.	has developed and implemented appropriate fund-raising and financial development strategies?						

		Not Satisfied		Satisfied		Not Sure	Not App.
How satisfied are you that the Executive Director:		1	2	3	4	NS	NA
11.	has ensured that solid planning and budgeting systems are in place?						
12.	has ensured that the organization's goals and strategic plan serve as a basis for sound financial planning?						
13.	has recruited and developed qualified staff to accurately assess, manage, and project the financial health of the organization?						
14.	has worked with the staff to develop, maintain, and use appropriate operating systems and resources that facilitate the effective operation of the organization?						
15.	has maintained a strong working relationship with the board, characterized by open communication, respect, and trust?						
16.	has modeled effective working relationships with the board to staff?						
17.	has established appropriate systems for dialogue and communication between the board and staff?						
18.	has established and maintained positive relationships with the many groups that support or are involved in the work of the organization?						

### Open-Ended Questions

1. Describe or list strengths of the Executive Director.
2. Describe or list limitations in the Executive Director's performance.
3. Describe or list most significant achievements of the Executive Director over the past year.
4. If you are not satisfied that the Executive Director has made sufficient progress in any specific goal area, please explain your response below.
5. What are the areas in which the board could provide better support to the Executive Director?

6. What should be the organizational goals for the Executive Director for the coming year?
7. What should be the personal development goals for the Executive Director for the coming year?
8. Additional comments:

## Example Five

### RWHC Performance Evaluation of the Executive Director, 2001-02

Please return a completed survey **by June 21<sup>st</sup>** to Monica Seiler at RWHC in the enclosed envelope. The summary results of these surveys will be shared with the Executive Committee and the Executive Director. Only Monica and the current Board President will have access to the individual surveys.

Rating Scale			
3	2	1	0
<i>Excels in this area A strong skill</i>	<i>Meets Expectations Competent in this Area</i>	<i>Needs improvement</i>	<i>Not Observed</i>

#### A. Cooperative Leadership

##### RANK

- \_\_\_\_\_ 1. Overall Leadership
- Appropriate servant/leader balance with Board of Directors
  - Appropriate risk taking, willing to make mistakes
  - Appropriately “thinks outside the box”
  - Action oriented decisions
  - Honest, reliable, trusted
  - Inspires and communicates vision, mission and goals
- \_\_\_\_\_ 2. Resourcefulness / Flexibility
- Knows how to adapt to changing and often ambiguous circumstances
  - Has perseverance and focus in the face of obstacles, takes charge, knows what is needed and moves forward
  - Makes good decisions, flexible problem solving skills
  - Tolerates unfamiliar, uncomfortable situations
- \_\_\_\_\_ 3. Building, Maintaining, Mending Relationships
- Ability to respect ideas/perspective of others
  - Acts decisively and with fairness in dealing with problems or conflict
  - Doesn't blame others for mistakes, able to recover from troubled situations
  - Displays warmth and a good sense of humor
  - Gains trust and respect
  - Handles problems without alienating people
  - Is steadfast, relies on fact-based positions
- \_\_\_\_\_ 4. Negotiation / Collaboration

- Explores differences creatively, locates common ground, finds solutions
- Responds to different points of view
- Skilled at building and maintaining collaborative efforts

\_\_\_\_\_ 5.     Communication / Feedback

- Clear and effective written and verbal skills
- Comfortable with positive and negative feedback
- Keeps Board of Directors updated of changes or key issues
- Listens appropriately and responds in a timely manner

<b>B.   Cooperative Operations</b>
------------------------------------

**RANK**

\_\_\_\_\_ 1.     Board Meetings

- Agendas require appropriate board engagement/decision-making
- Meeting agendas and related materials are distributed in a timely manner
- Appropriate meeting presentation, interaction and follow-up

\_\_\_\_\_ 2.     Staff Leadership

- Motivates and supports a hardworking, creative management team
- Provides growth opportunities for staff

\_\_\_\_\_ 3.     Annual Goals and Objectives

- Assures that measurable goals and objectives are developed and achieved
- Able to explain variances
- Flexible willing to add new projects, prioritizes workload appropriately

\_\_\_\_\_ 4.     Budget

- Assures that reasonable budget goals are developed and achieved
- Able to explain variances

\_\_\_\_\_ 5.     Advocacy

- Appropriately represents rural perspective
- Maintains appropriate linkages to promote rural issues
- Maintains knowledge and complies with all related federal and state laws and regulations

\_\_\_\_\_ 6.     Established Programs and Services

- Assures that all programs and services are appropriately managed
- Assures that customers needs are met and programs provide value to members
- Assures compliance with all relevant laws, regulations and risk management issues



\_\_\_\_\_ 7.     New Program Development

- Responsive to requests, ideas for new programs
- Successfully implements new services/programs

\_\_\_\_\_ 8.     Individual Professional Development

- Has an accurate picture of strengths and weaknesses and is willing to improve
- Implements appropriate strategies to maintain or enhance skills or knowledge

<b>C.   Additional Comments</b>
---------------------------------

**1.   How can Tim improve his working relationship with you?**

**2.   How can Tim improve RWHC services for you?**

**3.   Other Comments**



# **Chapter Six**

## **Communications and Relationships**

### **Overview**

- Elements of effective board communications
- Internal board communications
- Ensuring board relationships
- Advisory Groups
- Managing and resolving conflict

Each member of the board has a special opportunity for developing positive and productive communications among members, staff, and the community around matters of concern or issues that could improve relationships. Regardless of how difficult communicating with others may be, it is important for board members to keep the lines of communication open.

### **Elements of Effective Board Communications**

According to the National Center for Nonprofit Boards, effective communications consists of the simplest, most efficient method of conveying a message to an audience in a way that enables the audience to understand and act. An enlightened board should see that public relations and communications are embedded in the organization's management principles. Increasingly, successful nonprofit leaders see communications as the translation of the organization's vision, mission, values, and policies into clear messages easily understood by the general public. When used appropriately, communication is a powerful tool to change minds, increase public awareness, and fuel the organization's effectiveness.

Board members use a variety of tools when developing communication strategies. The tools most commonly used are the following:

#### ***Media Relations***

Ongoing proactive and reactive contact with and knowledge of members of the media who cover the organization and its issues, as well as the media that most effectively reach important audiences (newspapers, magazines, journals, newsletters, radio, and television).

#### ***Marketing***

The use of communication tools to promote specific ideas, attitudes, or services to targeted audiences (direct-mail, paid advertising, public service announcements, recruitment brochures, and promotional events).

#### ***Community Relations***

The identification of opinion leaders, third-party influencers, and civic, professional, corporate, and special interest groups for whom the nonprofit organization's messages are important and to

whom the messages should be delivered personally (cultivation meetings, letters, lunches, focus groups, speeches, joint programming, and event scholarship).

### ***Government Relations***

Depending on the mission of the nonprofit organization, its advocacy role may be central to its communications program or secondary to and in support of other program priorities (rallies, letter writing campaigns, lobbying, legislative briefings, updates, and newsletters).

### ***External Communications***

Tools an organization uses to communicate with members, donors and prospective members on a regular basis (annual report, programs and services brochure, conferences, press clippings).

### ***Internal Communications***

Techniques that keep the staff, board, and volunteers informed about operations, programs, and issues (board meetings, staff meetings, internal newsletters, and retreats).

## **Internal Board Communications**

According to the Academy of Leadership Governance (2003), one way to help the board-executive team work well together is for the board president to have a one-on-one conversation with the executive. By the board president engaging in the following four different conversations, rewarding outcomes are likely to occur.

### **1. A conversation about goals**

Board presidents should try to have conversations about their goals. A new president will bring different qualities than the previous leadership and he or she should not be timid about leaving a unique mark or influence on the organization (e.g., a broader funding base, a stronger relationship with the media, the extension of a program to a new audience, etc.).

### **2. A conversation about environment**

Another conversation to try deals with the kind of environment the board president and the executive want to create. This conversation could include, for example, the opportunity to ask more questions, the understanding that it is acceptable to inquire and even challenge reports and proposals, etc. Or, maybe they wish to ensure that more time is spent on big issues and less energy given to small details. Perhaps the promptness of beginnings and ending of meetings, and maneuvering through an efficient agenda is what they want. Whatever the special environmental condition they wish to bring about, merely announcing it won't make it happen. The two of need to embody it, model it for the rest of the leaders, and see that it happens in practice.

### **3. A conversation about what to avoid**

Presidents should also try a conversation about what they want to avoid; perhaps not obvious things like "misunderstandings," but more specific things like private conversation in board meetings while business is being conducted, or surprising others with a new proposal in a board meeting. They may also want to avoid having agendas that are too dull, re-discussing and re-deciding an issue, allowing any one or two board members to dominate a discussion, or creating a structure and practice by which the

executive committee becomes the in-group, the quasi-board. Presidents will no doubt develop their own special list of things they wish to avoid once they have more experience with their particular board.

#### **4. A conversation about board meeting preparation**

The last conversation to try is about all the issues that surround board meetings. For example, the before, during, and after tasks that individuals will be responsible for such as the following:.

- Writing the meeting announcement reminder
- Telephoning special people to get them there
- Seeing that minutes are ready for presentations
- Creating the agenda
- Writing the agenda for distribution
- Arranging the meeting space
- Arranging the refreshments, if any
- Making sure minutes are taken and checked
- Thanking special guests
- Inquiring about members not present

Though these are small items, they absolutely impact board communications and contribute to well-run meetings, and can easily be forgotten if not discussed.

### **Ensuring Positive Board Relationships**

According to Academy of Leadership Governance (2003), board members have the difficult task of maintaining positive and productive relationships not only among themselves and staff, but also with the community. For board members to create a strong foundation and a dynamite organization these factors must be earned, learned, developed and adopted: 1) good communication (as discussed previously), 2) respect and trust and, 3) shared mission and goals.

In addition to maintaining positive relationships among board members and staff, individuals also have the responsibility to cultivate and maintain productive relationships with the community they serve. Local community involvement through advisory groups is one of the most effective strategies board members can use for maintaining positive and produce relationships with the community (Himmelman, 1994).

#### **Advisory Groups**

Local community involvement and guidance is key to most nonprofit organizations. Forming a local advisory group will help an organization strengthen its connections to the local community, build strategic partnerships and remain informed on local and national issues impacting the community and the organization. Advisory groups work best when there is a mix of members representing the community's diversity, local industries and sectors (corporate, nonprofit, government, education, and small business) as well as those being served by the organization.

The sections below serve as a guide to forming a local advisory group by covering the following topics:

- Purpose of an advisory group
- Group size and member terms
- Critical success factors
- Member selection criteria
- Member qualifications and responsibilities
- Chair qualifications and responsibilities
- Steps for developing and implementing a local advisory group

### **Purpose, Size and Terms**

The purpose of an advisory group should be clearly defined. For example, to advise on policy and practices related to a specific program or to advise on outreach to a segment of the community. The group can range in size from 10-15 members; each member can serve a two or three-year term with one third rotating off each year. The advisory group should have a chair and be staffed by agency staff with responsibility for building the agency's capacity in the selected area. It is common practice for the advisory group chair to serve on the organization's board of directors.

### **Critical Success Factors**

- Ensure the advisory group has an opportunity to contribute in a significant way to the organization, for example to review and make recommendations on outreach plans, marketing materials, or volunteer recruitment.
- Goals and member responsibilities should be agreed upon by the members and communicated in writing.
- An annual work plan should be developed by group members and staff.
- Ensure the membership of the advisory group is composed of corporate and community members with expertise in various sectors, including: outreach to the community, marketing, and media and public relations.
- Ensure the advisory group is representative of community demographics.
- Ensure advisory group members receive training on the organization, including overall mission, vision, and goals.
- Ensure there is a time and resource commitment from the organization's leadership to the advisory group.
- Ensure there is a formal and direct link to the organization's leadership, including the executive director and board of directors.

### **Member Selection Criteria**

Keep in mind that it is helpful if the members selected for the advisory group meet some of the following criteria:

- Must have in-depth knowledge of issues impacting the community served by the organization.
- Advisory group members should have experience in at least one of the following areas: outreach and recruitment, marketing and public relations, experience in developing partnerships and collaboratives, experience working in a community based organization which serves the organization's client base, expertise in diversity issues and/or knowledge of corporate giving.
- Ethnic group and geographic service area representation.
- Client/customer representation.

### **Member Qualifications and Responsibilities**

Advisory group members should thoroughly understand that their task includes being able to commit to the following:

- Providing insight and making recommendations on issues as determined by the organization
- Ability to commit time to the work of the group.
- Building a network of community and corporate contacts for advice and assistance.
- Providing names of potential candidates for the advisory group.
- Serving as a liaison to the community.

### **Chair qualifications and responsibilities**

In addition to the above Member Qualifications and Responsibilities, the advisory group chair should:

- Provide leadership to and conduct meetings.
- Serve as liaison to board of directors and attend board meetings as appropriate.

In summary, the steps for developing and implementing a local advisory group include:

- Developing an outline for forming a local advisory group.
- Determining a timeframe for the development of the group, including when to have the first meeting.
- Meeting with 6-10 key community leaders, funders and corporate contacts.
- Advising the leaders on the plans to form an advisory group and providing them with an overview of the group's selection criteria, responsibilities, and time commitment.
- Requesting additional input and names of potential candidates from the key community leaders, funders and corporate contacts.
- Developing a draft list of members with a short bio on each candidate.
- Discussing the candidates with organizational leadership, and modifying the list as appropriate.
- With assistance from leadership (executive director and board) determining who has the best contact with the candidate and therefore who should ask them to join.
- Setting a timeframe for candidates to be approached -- 30 days maximum.



- Inviting prospective members to tour the organization, if appropriate, and meeting with staff and board.
- Having a breakfast or luncheon meeting to “kick off” the advisory group, inviting the board of directors, appropriate staff, and community leaders. Have board chair and executive director address the importance of the advisory group to the organization.

## Managing Differences and Resolving Conflict

In the course of a week, everyone is involved in numerous situations that involve some level of conflict. This can occur at work, at home, and even among board members. Few people enjoy dealing with conflicts of difference—either with bosses, peers, subordinates, friends, or strangers. This is particularly true when the conflict becomes hostile and when strong feelings become involved. Resolving conflict can be mentally exhausting and emotionally draining (Hill, 1995).

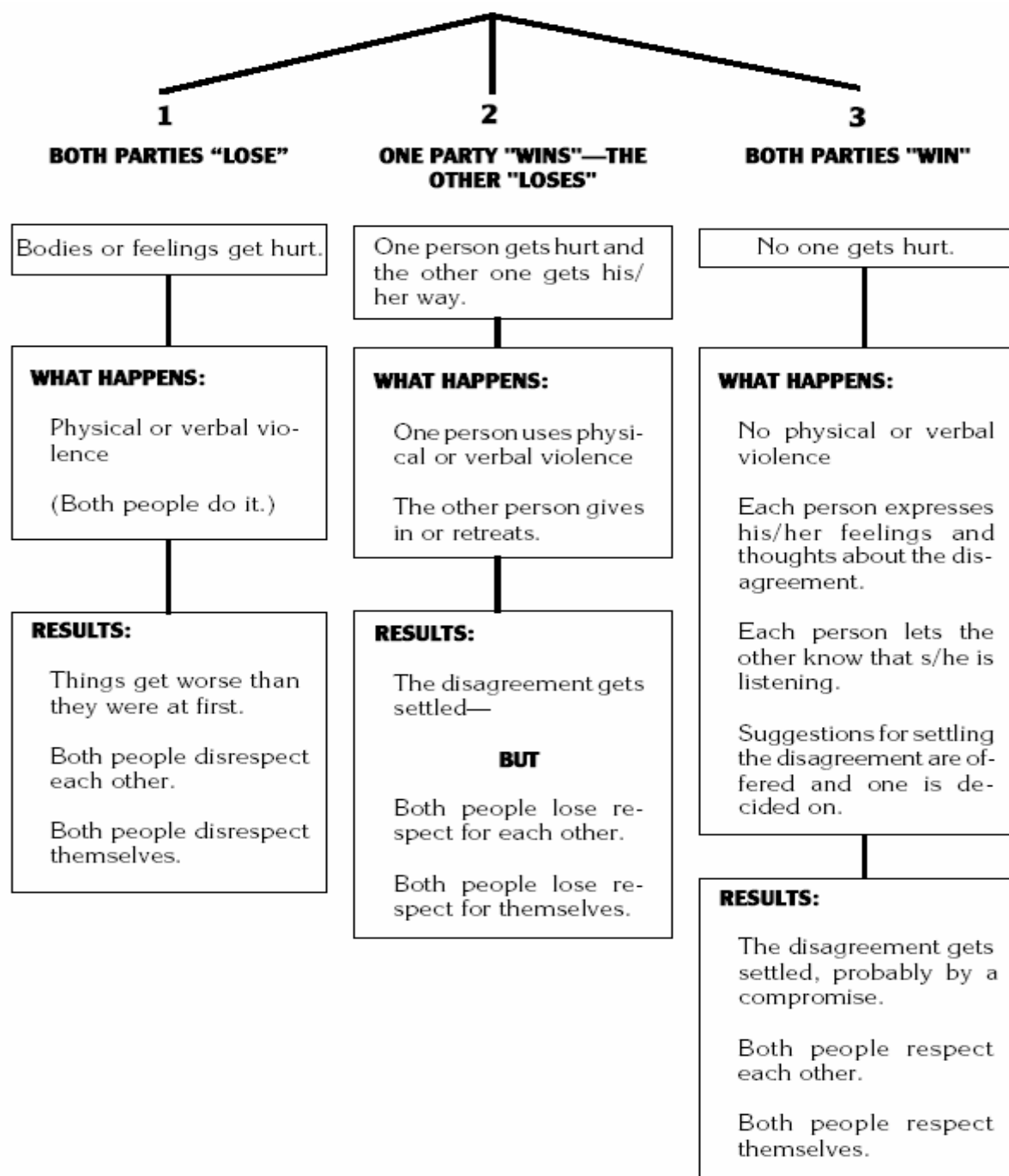
Members of nonprofit boards must understand that a key element to maintaining positive communications and relationships is dealing with conflict head on. In fact, conflict is simply a part of serving on a board, and no board member can avoid it. Additionally, members must understand that conflict that requires resolution is neither good nor bad. There can be positive and negative outcomes. It can be destructive but can also play a productive role for board members—both personally and professionally. The important point is for board members to manage their conflict, not to suppress it and allow it to escalate out of control.

There are basic facts about conflict that will help board members understand the nature of conflict and the ways it can be managed. First, conflict is a part of life, caused by natural changes. Next, each board member has a characteristic way of managing conflict. Finally, every board member can learn techniques for managing conflict constructively and creatively. In the section that follows, board members are provided with strategies for managing and resolving conflict that can occur among and between board members.

### Board members encounter conflict when...

- **There are differences over facts.** In cases in which facts are in question, conflict may occur. Resolution to this conflict may be achieved when facts are supplemented or corrected.
- **There are differences over the ways/methods that things are done.** In cases in which there ARE several ways to complete a task, conflict may occur. Resolution to this type of conflict may be achieved when parties understand that objectives are the same, that disagreement is over means rather than ends, and that common ground is the goal.
- **There are differences over goals.** In cases in which goals are in question, conflict may occur. Resolution may be achieved when clarification of goals is communicated.
- **There are differences over values.** In cases in which value systems are at odds, conflict may occur. In this type of conflict resolution may be difficult because values are not often compromised; however, differences of conviction should be shared as clearly as possible.

A working definition of *conflict* occurs when two or more people, organizations, or governments cannot share resources, ideas, or things. The following graphic shows a range of ways that conflicts are resolved.



## Strategies for Resolving Conflict

If either party is seeking to resolve a conflict, either or both parties should ask themselves the following three questions:

1. What do I want from you to be satisfied in our relationship or to get my job done?
2. What am I willing to give you so you will be satisfied in our relationship or so you will get your job done?
3. How will we track one and two?

### **Positive Aspects of Conflict**

Conflict in board and other relationships is inevitable; however, conflict may result in either negative or positive outcomes. It is important to entertain this “paradigm shift,” moving away from the misconception that all conflict is by definition bad. Conflict is bad when it is not managed properly; however, conflict that is managed properly can have very positive outcomes resulting in adaptation, change, and new ways of thinking.

### **Positive Outcome of Conflict**

As a rule, it is not the conflict itself that is bad. The point is to address the root cause of the conflict and seek ways to manage it in order to achieve positive, rather than negative, outcomes.

### **Examples of Positive Conflict**

Conflict—managed conflict—can be a gateway to positive change. For example, a working compromise can be reached between individuals when each is willing to “hear” the other’s side. Likewise, rather than ignoring conflict which is building between individuals or groups, getting the conflict “out in the open” may be a healthier way to preserve self respect no matter the results.

To get a better idea of personal preferences for managing differences read the matrix on the following page displaying nine styles for managing differences developed by Herb Kindler. Kindler’s model of managing differences suggests that to do so effectively requires the use of each of the nine styles almost equally over time. Each style addresses different conflict situations, so as situations change, your style for managing conflict should change as well.

As you read the matrix below think about the following questions:

- How frequently do you use each style?
- Are there some styles you use more frequently than others?
- Are there some styles you avoid or dislike using?



## Nine Strategic Styles for Managing Differences Between Two People or Groups with a Shared Problem

<b>INTENSITY OF INTERACTION</b>	<b>Highly Personal</b>	<b>Style 3</b> <b>DOMINATION</b> You unilaterally induce, persuade, force compliance or resist.	<b>Style 6</b> <b>BARGAINING</b> You jointly seek means to split differences, set trade-offs, or take turns.	<b>Style 9</b> <b>COLLABORATION</b> You jointly problem-solve to integrate views.
	<b>Moderately Personal</b>	<b>Style 2</b> <b>SMOOTHING</b> You unilaterally accentuate similarities and downplay differences.	<b>Style 5</b> <b>COEXISTENCE</b> You jointly establish a basis for both parties to maintain their differences.	<b>Style 8</b> <b>SUPPORTIVE RELEASE</b> You unilaterally release the issue, stipulate any limits, and provide needed support.
	<b>Impersonal</b>	<b>Style 1</b> <b>MAINTENANCE</b> You unilaterally avoid confronting the differences or delay making changes.	<b>Style 4</b> <b>DECISION RULE</b> You jointly set objective rules that determine how differences will be handled.	<b>Style 7</b> <b>NON-RESISTANCE</b> You offer no resistance to the other party's views, blending your efforts with theirs.

### FLEXIBILITY OF VIEWPOINT

<b>Firm</b>	<b>Moderately Flexible</b>	<b>Flexible</b>
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Reprinted from *Managing Disagreement Constructively* by Herbert S. Kindler, Ph.D.

Traditionally, the human tendency in situations of conflict has been to avoid the conflict at any price. This chapter, however, has concentrated on discussing how to manage the conflict instead of avoiding it and how to use it for creative, organizational, and personal growth. Board members should understand that conflict might be a liability when it causes inactivity, diverted activity, confusion, undue stress, or violence. But when it leads to the identification of problems, helps generate learning, and introduces needed changes, it serves a useful purpose—strengthening communication and relationships. If these traditional behavior patterns are improved and extended, if board policy is better written, and if board goals and values have been redefined as a result, then this growth has made the conflict beneficial. With an understanding of

how conflict operates, board members can better manage conflict thus improving its overall effectiveness.

### **Summary**

Effective board communications are essential to a well-functioning board. This includes the ability to embrace the conflict that will inevitably occur between board members, staff and the community. Strategies for managing conflict well are described using a model from Kindler. In addition to interpersonal communication, board communication covers many levels including strategies for negotiating external information exchange through the media, marketing tools and governmental outlets. The chapter also includes strategies for internal board communications including the types of conversations that board leadership may want to consider having with members. In addition to members, another internal group the chapter suggests developing and maintaining positive communications with are advisory groups. Strategies for creating these special groups are outlined including their purpose, size, selection criteria and factors for success.

## Exercise 1

### Effective Communications

Think about the patterns of communication you use with other board members. (NOTE: *You can also use these same questions in the context of your communications with staff and the community*)

1. List and identify examples of communication patterns that are positive and productive.
  
  
  
  
  
  
  
  
  
  
2. List examples of board and board/staff communication patterns that could be improved.
  
  
  
  
  
  
  
  
  
  
3. For each of the problems, identify whether it is not enough communication, unclear communication, poor listening skills, conflicts with others, or any other barriers (for example - lack of respect for other opinions, the way the meeting room is set up, inappropriate jokes, use of offensive language).
  
  
  
  
  
  
  
  
  
  
4. Pick 2 of the barriers you have listed and identify what you intend to change to improve the communications.
  
  
  
  
  
  
  
  
  
  
5. What actions can you take to help remove these barriers?



## Exercise 2

### Role Clarification

How do you know if your organization has problems with roles and relationships? Ask board members and appropriate staff to complete the following grid and then compare answers. Differences in the answers will indicate if Board and Staff have a common understanding of roles in your organization.

I think the Board currently does the following activities:	I think the Board should do the following activities:	I think the Board shouldn't do the following activities:
I think Staff currently does the following activities:	I think Staff should do the following activities:	I think Staff shouldn't do the following activities:

Adapted from Rulesonline.com

*Note: A next step could include building consensus on what activities should be in each box but remember to also spend time exploring areas of disagreement.*

### Exercise 3

#### **Nine Strategic Styles for Managing Differences Between Two People or Groups with a Shared Problem**

Small group instructions: Distribute the Kindler matrix found on Page 9 as a single handout. Instruct each board member to do the following.

1. Working alone, read each of the 9 styles for managing differences and decide which two you might use the most and which two you might use the least.
2. Describe your preferences and why to at least one other person at your table.

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# Chapter Seven

## Leadership

### Overview

- Leadership competencies of rural health networks
- Competency 1: Passionate and purposeful
- Competency 2: Conversant in the issues
- Competency 3: Engaging others
- Competency 4: Inspiring
- Competency 5: Courageous
- Competency 6: Strategically balanced
- Competency 7: Organized for achievement

The position of board member is, indeed, a leadership position. Therefore, it is imperative that board members periodically take time to reflect upon themselves as leaders. This section, titled simply “Leadership,” has been designed to encourage board members to begin such a reflective process.

The chapter will explore some of the various leadership components necessary for effective board programming and relationships.

### Leadership Competencies of Rural Health Networks

The staff of the Health Policy Center at Georgia State University and the Fanning Institute for Leadership at the University of Georgia worked with a group of national leaders in health networks on ways to identify seven competencies needed by leaders of those networks. Through this work, they have come to define “competencies” as a combination of skills, knowledge, experience, values and attitudes.

#### **Competency Area One: Passionate and Purposeful**

Passion, commitment, advocacy for underserved, strong personal values about caring; “walk the talk”; authentic; integrity; fairness; calling; vocation; trusted visionary

#### **Competency Area Two: Conversant in the Issues**

Understanding the complexities of health care; knowing my community; speaking; writing; use of media; good questions; probing and inquiring

#### **Competency Area Three: Engaging Others**

Including others; bringing people together; facilitating group process; developing common vision; active listening; servant-leaders; open to ideas of others; patience; willingness to be quiet and self-reflective; coordination; collaboration; identifying common needs and interests of groups and communities; team building

**Competency Area Four: Inspiring**

Motivation; empowering; finding ways for people to share in vision; inspirational; positive; encouraging

**Competency Area Five: Courageous**

Courage; moxie; risk-taking; persistence; proactive; resolute; intent; decisive

**Competency Area Six: Strategically Balanced**

Self-awareness; balance; avoid burnout; stress management; emotional intelligence; balancing good for self vs. good for others; active learner; time management; prioritization

**Competency Area Seven: Organized for Achievement**

Organizational skills; resource management; resource development; goal orientation; pragmatist; action oriented; knows what should be done; moving people to action

In the section below, each of these competencies shall be explored in some detail and readers will be asked to think about how well they see these competencies expressed by professional in the field, the board and the staff.

**Competency Area One: Passionate and Purposeful**

The focus in this competency area is on how well the leader demonstrates a personal commitment to the larger goals and purpose of the organization. The area also highlights personal characteristics of honesty, integrity and trust — both in being trusted and trusting others. In a study released in January 2003, Right Management Consultants surveyed white-collar employees about the leadership traits they want most. What employees want most from their leaders are basic principles, such as **honesty, integrity, ethics** and **caring**. These top traits were generally consistent between male and female, as well as white and black respondents. One significant difference appeared between two age groups. Older respondents—55 to 64 year-olds—mentioned “honesty” as the top trait 38 percent of the time versus 16 percent of the 18 to 34 year old group. Here are the top five:

1. Honesty (24%)
2. Integrity/Morals/Ethics (16%)
3. Caring/Compassion (7%)
4. Fairness (6.5%)
5. Good relationships with employees, including approachability and listening skills (6%)

Kouzes and Posner (1995) also found in their research similar leadership characteristics that attract followers. Their top five included:

- HONESTY: Be trustworthy in words and deeds
- COMPETENCE: Know what you are doing as a leader
- VISIONARY: Look forward and be concerned about the future
- INSPIRING: Be enthusiastic and excited about your work
- CREDIBLE: Behave in a way that is exemplary

Dennis and Michelle Reina (1998) point to three ways we judge the trustworthiness of others:

- Fulfilling “**Contracts**”, both written and verbal
- Honest **Communications**
- Displaying **Competence**

From simple acts such as meeting deadlines or fulfilling promises to more complex contracts in business relations, trusted leaders have a record of honoring their commitments. Building trust also requires consistently honest communications. There is an old folk saying that underscores this principle: “you never need to remember what you said if you always speak the truth.” While this seems to be a simple axiom, truthful communication relies not only on what is said, but what is also left unsaid, according to the Reinas. Establishing trust also requires competence. The board member skilled in the financial facts of the organization and standards of financial accounting will be more trusted at budget building time than the board member who views accounting as a “speculative philosophy.”

*The origin of all conflict between me and my fellow-men is that I do not say what I mean, and that I do not do what I say. For this confuses and poisons, again and again and in increasing measure, the situation between myself and the other, and I...am no longer able to master it but, contrary to all my illusions, our lie, we foster conflict-situations and give them power over us until they enslave us.*

Martin Buber, *The Way of Man*

This leadership competency also includes the concept of “authenticity.” Simply put, a leader is viewed as “authentic” when words and actions appear the same. The origin of the word in Greek comes from “one who accomplishes.” As a competency for leadership in rural health networks, the term describes a person who is free of self-deception, will own up to limitations, mistakes and fears. Thomas Merton, who wrote about the modern world of values and spirituality, observed that “the reason there are not more saints is because we never get around to the single business of being ourselves.” Obviously, boards are not populated by saints, but the more effective boards are populated by people whose words and actions match one another.

Board members of rural health networks must also be advocates for those without access to health care and those with poor health status. The term “advocacy” comes from the Latin “advocatus: “to give voice for others.” Speaking for those without the resources, power or knowledge to benefit from our health care system requires a deep understanding of who is in need and how to best serve them.

## **Competency Area Two: Conversant in the Issues**

After 30 years of rural practice, a physician working with a rural health network observed that “what I know about medicine is only half of what I need to know about health.” The other half includes health care policy, health care financing, individual and cultural differences in health care practice, lifestyle and behavior, and the unique characteristics of rural communities. “That is the power of a health network: we have the combination of expertise and experience to address the other half.”

As a leader in a rural health network, the learning curve is bound to be steep, regardless of the number of degrees held. Those who come to the board with experiences from outside of health care often suffer from an “imposter phenomenon”, believing they have no place on or

contribution to the board. Nothing could be further from the truth. One executive director told her board: “It is not about how much you know, but how well you integrate what you do know with the purpose of this board and the knowledge of other board members.”

The process of integrating the knowledge and experience of others on the board depends upon effective communications. Board communications, both internally and externally, have been discussed in Chapter 7. Chapter 5, Taking Inventory, should be seen as a second source for building this leadership competency.

### **Competency Area Three: Engaging Others**

An important dimension of leadership is understanding how to lead when one has no formal authority or power or when you are not in charge. This model of leadership has been described as shared leadership, lateral leadership, followership, or leading from the back of the room. This approach to leadership is especially applicable to board members as they interact with the chair, the executive director and staff, with volunteers and committee chairs, and with external stakeholders. It is also applicable to interactions with fellow boards members.

Traditional definitions of leadership often refer to leadership as authority or power, the ability to achieve something with minimal resistance (Stogdill, 1966). More contemporary definitions describe leadership as an “influence relationship between leaders and followers (Rost, 1993). In this section we will explore this dimension of leadership by examining the sources of power and influence in organizations.

Stogdill’s (1966) research published in the *Handbook of Leadership* describes the sources of power as being:

- legitimate power (I follow you because of your positional authority);
- coercive power (I follow you because you force me);
- reward power (I follow you because you give me something in return);
- expert power (I follow you because you possess knowledge or expertise); and
- referent power (I follow you out of respect).

Others suggest that how much power and influence an individual possess is context specific or situational and, therefore, is dynamic and can change (Hill, 1995). Hill (1995) also groups sources of power and influence into two categories, positional and personal. Positional power and influence flow from a person’s: 1) formal authority or position in the hierarchy; 2) the relevance and centrality of their position; 3) the degree of autonomy that the positions affords them; and 4) the visibility that their performance has with more powerful positions or stakeholders.

By its very nature, leading when one is not in charge or when one does not have positional power and influence depends more on mastery of personal sources of power and influence. Commonly cited sources of personal power and influence include the following:

1. personal knowledge and expertise
2. personal history or track record

3. relationships and networks
4. communication skills
5. organizational skills
6. effort and contributions to the organization
7. willingness to speak the truth, as you see it
8. self confidence
9. self control
10. enthusiasm, passion and commitment

Ira Chaleff (1995) in *The Courageous Follower* describes five important dimensions of what he calls “courageous followership” that are very applicable to mastering the art of leading when you are not in charge:

- the courage to assume responsibility for yourself and the organization’s or board’s mission and purpose;
- the courage to serve the leader and the organization by taking on additional work or responsibilities;
- the courage to challenge the leader and others regarding behaviors, actions or policies if they violate their sense of what is right or the purpose of the organization;
- the courage to advocate and champion change including their own need to change; and
- the courage to leave or separate from the leader or group.

Doug Smith (2003) in *Developing the Art of Leadership: Can you lead from the back of the room?* Suggests that leading when you are not in charge involves sharing leadership by:

- Making sure that every voice that needs to be heard is heard
- Uncovering unspoken problems
- Feeling comfortable with conflict and using it to reach more robust agreements
- Stepping up to take on the tough tasks
- Expressing a willingness to allow others to do things you’re normally very good at—when it’s an opportunity for them to grow
- Avoiding petty arguments
- Keeping commitments
- Holding others to their commitments
- Keeping the customer’s needs in the center of your organization’s focus
- Taking the time to get to know the people you work with
- Giving people the “benefit of the doubt”
- Forgiving mistakes, learning, and then cheerfully moving on
- Clarifying your groups purpose and regularly checking-in on where people stand in support of it
- Constantly working on advancing your skills, knowledge, and attitude

Mastering the art of leading when one is not in charge in the context of a rural health board is about building relationships based on trust and mutual respect with the positional leaders, fellow board members and with constituents or customers. It is about keeping the focus of leaders and followers on the mission and the purpose of the organization. It is about being trustees of shared values, and, finally, it is about individuals developing personal sources of power and influence through action learning.

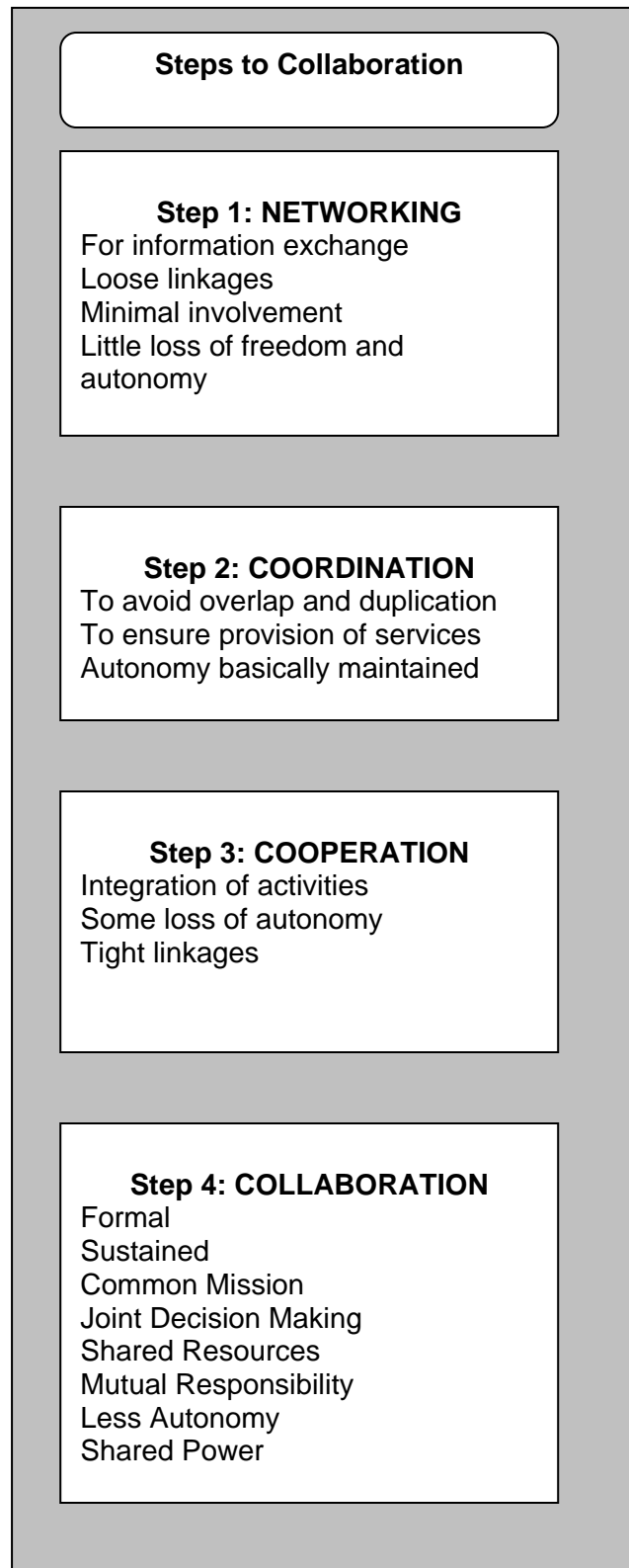
According to Himmelman (1995) “collaboration” is defined as “exchanging information, altering activities, sharing resources, and enhancing the capacity of another for mutual benefit and to achieve a common purpose.”

Enhancing the capacity of another organization requires sharing risks, responsibilities, resources, and rewards, all of which can increase the potential of collaboration beyond other ways of working together. In this contest, collaboration is a relationship in which each person or organization wants to help their partners become better at what they do. Some theories of adult development suggest that considering the other’s enhancement in a relationship requires greater maturity and, as such, is more evolved than cooperation which considers involvement with another primarily for self-enhancement.

This definition of collaboration draws upon these theories. Based on these concepts, organizational collaboration is defined as a process in which organizations exchange information, alter activities, share resources and enhance each other’s capacity for mutual benefit and a common purpose by sharing risks, responsibilities, and rewards.

An example of collaboration would be when two organizations share information about their service programs, decide to alter program activities, share physical space and funding, and provide training for each other’s staff in areas of their special expertise so that they can better meet the needs of common clients. Collaboration does not happen automatically. The graphic to the right represents the steps to collaboration.

In all communities large and small, a collaborative effort appears to produce results which lead to sustained changes and improvements. Where resources are limited, collaboration is a viable option where cooperation, coordination and mutual goal setting could produce desired results for networks. Those results include the power to make decisions and the ownership of any social change process. Decision-making power and ownership are also a reflection of a community’s capacity for self-determination and can be enhanced or limited





depending upon how collaboration is designed, implemented, and evaluated.

Ownership in collaboration can be understood in two basic forms: “collaborative betterment” and “collaborative empowerment.” Each form has particular effects on community self-determination and on the long-term sustainability of the collaborative efforts. Collaborative betterment begins outside the community within public, private, or non-profit institutions and is brought into the community. Community involvement is invited into a process designed and controlled by larger institutions. This collaborative strategy can produce policy changes and improvements in program delivery and services, but tends not to produce long-term ownership in communities or to significantly increase communities’ control over their own destinies.

Collaborative empowerment begins with the community and is brought to public, private or nonprofit institutions. In this context, empowerment refers to the capacity of the set priorities and control resources that are essential for increasing community self-determination. An empowerment strategy includes two basic activities: (1) organizing community in support of collaborative in support of collaborative purpose determined by the community; and (2) facilitating a process for integrating outside institutions in support of this community purpose.

The empowerment approach can produce policy changes and improvements in program delivery and services. It is also more likely to produce long-term ownership of the collaborative purpose, processes, and products in communities and to enhance communities’ capacity for self-determination.

## **Competency Area Four: Inspiring**

Based upon the theories of Abraham Maslow, Douglas McGregor, Frederick Herzberg, David McClelland, John Atkinson, and Edgar Schein, motivation may be the key combining relationships and the purpose of the organization. Maslow describes his theory of human behavior in *Motivation and Personality* as the forces that drive us to do what we do. All of our actions derive from motives or needs, some of which are conflicting and some of which reinforce each other. His three groupings of needs are: psychological (the strongest), safety and social.

In the mid-’50s, Frederick Herzberg, a psychologist at Case Western Reserve University, said our professional satisfaction and dissatisfaction are not opposites. Rather, job satisfaction usually comes from actual achievement of the task at hand, while job dissatisfaction is more likely to arise from the surroundings of the job or from the work environment. Herzberg theorized that it is not enough simply to remove the causes of worker dissatisfaction by improving the working environment. For example, it is not enough simply to improve the fringe benefits package or company policies and procedures. The work itself must offer opportunity for job satisfaction.

Another theory of motivation, developed by David C. McClelland of Harvard University and John W. Atkinson of the University of Michigan, concentrates on three basic needs as motivators. These are the need for achievement, the need for affiliation, and the need for power.

The ***need for achievement*** is the need to excel or to achieve something in relation to a specific set of standards. People with strong achievement motivation tend to prefer working on problems for which they have personal responsibility. These people like to set moderately

difficult goals for themselves and require concrete feedback on the level of their performance. McClelland and Atkinson found that some people actually enjoy testing the limits of their abilities and prefer doing things that have a fifty-fifty chance of success, whereas some people prefer tasks in which the chances of success are very high. Most people, of course, are somewhere between the two extremes.

The **need for affiliation** is the need to have close, friendly interpersonal relationships. A person with a strong need for affiliation is sensitive to the feelings of co-workers and enjoys a job that allows friendly cooperation with other people. This type of person strives to maintain congenial interpersonal relationships at all costs. The **need for power** is the need to influence other people and to make them behave in a way they would not otherwise behave. A person with a strong need for power wants to direct and influence the work of others and enjoys exercising the power of a leadership position.

An important effort to bring together the issues bearing on motivation appears in Edgar Schein's, *Career Dynamics*, in which he identified three facets of career dynamics and five anchors, or basic goals, that people attempted to maintain throughout their careers. Schein found that at various chronological stages of people's lives, their personal and physical state has an important role to play in their work history. This biosocial dimension is immutable because aging is an irreversible and universal process. People in their twenties have dreams about their future, are at the peak of vigor and health, and are engaged in defining themselves as adults. By their fifties, these same people have lost some vigor, recognize their mortality, have rejected illusions, and have defined their place in the world. The specific career a person follows also changes constantly. Upward mobility in an organization is commonly understood, but Schein also noticed significant inward movement across career lines (for example, from production to finance or from laboratory to manufacturing) - that is, closer to the central nervous system of an organization. The inward movement provides greater knowledge of an organization's goal-setting mechanisms and a heightened sense of belonging to the "club."

For the leader in a rural health network, this basic thinking about careers and professions can be adapted for motivating volunteers, as well as staff. For example, Schein's five career anchors also apply to volunteers:

1. **Technical competence**, by learning new skills and knowledge that may not be part of their "day job".
2. **Managerial competence**, or leadership roles that give a person a chance to influence or direct.
3. **A desire for stability**, by structuring a long-term commitment to the network.
4. **Autonomy**, by giving independent tasks.
5. **Creativity**, by being involved in something new.

## Competency Area Five: Courageous

It is not the critic who counts, not the man who points out how the strong man stumbled, or where the doer of deeds could have done better. The credit belongs to the man who is actually in the arena; whose face is marred by the dust and sweat and

blood; who strives valiantly; who errs and comes short again and again; who knows the great enthusiasms, the great devotions and spends himself in a worthy cause; who at the best, knows in the end the triumph of high achievement, and who, at worst, if he fails, at least fails while daring greatly; so that his place shall never be with those cold and timid souls who know neither victory or defeat.

Theodore Roosevelt (1910)

Throughout the leadership literature, much time and energy is devoted to identifying various “traits” of effective leaders. Of these, courage appears to be one of the most widely referenced and discussed. Through his research, John Gardner (1990) identified fourteen “attributes” of leadership. Number nine on his list reads “courage, resolution, and steadiness.” Gardner maintains that a truly effective leader “needs courage – not just bravery of the moment but courage over time, not just willingness to risk, but to risk again and again, to function well under prolonged stress, to survive defeat and keep moving.”

Following a similar scholarly inquiry, Cox & Hoover (1992) presented what they referred to as their “top ten characteristics of an effective leader.” Number four on their list, having courage, contrasts the courageous leader and the “timid plodder.” According to the authors, the courageous leader is “willing to walk close to the edge and do things slightly off balance when necessary—not for the sake of living dangerously, but rather for the sake of getting the job done.” “The willingness to take risks and accept responsibility for their outcomes are consistent qualities among effective leaders.” The “safe and timid plodder,” however, “is the person who turns pale or balks entirely when you say, ‘let’s give it a go!’ Cox and Hoover conclude that leaders must “do what [they] fear or fear will be in charge.” “There is no middle ground; either you or your fears are in charge of what you do.”

Clemens and Albrecht (1995), argue that timeless leaders are those individuals who have the courage to stretch themselves in an effort to “leave the comfort zone.” To illustrate this point, the authors pull from Plato’s metaphor of the “Cave.” Within the cave there exist two types of people, leaders and “cave dwellers.” According to Clemens and Albrecht, leaders fight to escape the cave, stepping into the unknown:

Fighting your way up the near-vertical rock face, you slip and repeatedly. Battered bleeding and bruised, you finally make it out of the cave and into the light of the real world. The good news is that you are finally free; the bad news is that your challenge has just begun. You must re-enter the cave and force its lethargic captives to leave the familiarity of the world they know and emerge from the cave with you. (p. 2)

Clemens and Albrecht (1995) offer four theories as to why some people choose to remain within their comfort zones, unwilling to attempt to “escape the darkness of their self-enforced imprisonment:”

#### The Sunk Cost Theory

“We’ve already spent X dollars on this [rural healthcare initiative] and so, even though it’s been an abysmal failure, let’s throw some more money at it in the miraculous hope that something might change for the better.”

#### The Crippled Race Horse Theory

“We’ve come this far (on a broken-down nag, no less) with the people we have in place within this [community health network]. Let’s give them even more rope to hang themselves instead of putting newer, smarter, fresher horses on the track.”

### The Leaky Boat Theory

"We've already patched this boat and bailed lots of water from it. Let's stick with this faulty design, this outdated technology, this worn-out equipment for one more trip across the ocean."

### The Let's Wait 'Til ... Theory

"Let's wait until..."

- The market place improves;
- Our survey data comes in;
- The recession goes away;
- The stock market settles down;
- Our competitors raise their prices; or
- The cow jumps over the moon...before we take any risks. The conditions have to be just exactly right before we can move."

What separates courageous leaders from those individuals who remain paralyzed by fear? According to Warren Bennis (1989) the leaders involved in his studies appeared to be "unacquainted with the concept of failure."

Throughout his years as a researcher, Bennis collected synonyms that leaders use in lieu of the word "failure." These include:

- Mistake
- Error
- False start
- Bloop
- Flop
- Loss
- Miss
- Foul-up
- Stumble
- Botch
- Bungle ...But not a failure!

Bennis remembered one subject who stated that "if she had a knack for leadership, it was the capacity to make as many mistakes as she could as soon as possible and thus get them out of the way." The author recalled the remarks of another research participant. "Another said that a mistake is simply 'another way of doing things.'" Bennis concluded that "leaders learn from and use something that doesn't go well; it is not a failure but simply the next step."

## **Competency Area Six: Strategically Balanced**

A significant part of being an effective leader is the quest for balance in one's life. Balance can be found in many areas. Jones (1995) maintains that true leaders seek to develop "three categories of strengths. These include the strengths of "self-mastery, action and relationships." The Fanning Institute has embraced this particular model and uses it as a primary framework for leadership development.

- The strength of self mastery:

Self mastery emphasizes a leader's ability to critically reflect upon his or her leadership skills and abilities. This reflective process causes one to ask such evaluative questions as: "What are my areas of personal strength?"

“What are my areas of relative weakness?”

- The strength of Action:

While leaders value reflection, they recognize the fact that being reflective is merely the first step in a developmental process. Following a period of reflection and self discovery, truly effective leaders pose questions that lead them to consider what needs to be done with new insights and information.

“What am I doing to capitalize on my own personal strengths?”

“What am I currently doing in an effort to address my areas of personal weakness?”

- The strength of Relationships

Successful leaders, no doubt, have a great many skills, talents and abilities. Despite these gifts, however, true leaders recognize the fact that they cannot get things done by themselves. No matter how strong, intelligent, wealthy, skilled... a leader is s/he must recognize that s/he needs to work with and for other people in an effort to have the greatest impact.

### Emotional Intelligence

It is widely accepted that leaders must have a certain aptitude if they are to be effective in their roles. Historically, such aptitude has been quantified and articulated using the intelligence quotient (I.Q.). While I.Q. can be useful in determining certain dimensions of leadership, it falls short in addressing a key question: If it is about intelligence, why do many “smart” people fall short in their leadership positions? The answer to this question may lie within the concept of emotional intelligence (E.Q.).

Daniel Goleman (1995) believes that E.Q. may actually “matter more than I.Q.” He holds this position due to the fact that E.Q. addresses a wide spectrum of skills that appear to be central to success such as self awareness and empathy. Self awareness involves:

- Recognizing feelings and building a vocabulary for them;
- Seeing the consequences of alternative choices;
- Recognizing [personal] strengths and weaknesses, and seeing yourself in a positive but realistic light.

Empathy, according to Goleman, is “a key social ability:”

A key social ability is empathy, understanding others’ feelings and taking their perspective, and respecting differences in how people feel about things. Relationships are a major focus, including learning to be a good listener and question-asker; distinguishing between what someone says or does and your own reactions and judgments; being assertive rather than angry or passive; and learning the arts of cooperation, conflict resolution, and negotiating compromise.

### Managing Time and Stress

Leaders lead very busy, complex and, at times, hectic lifestyles. Stepping forward to lead involves assuming more responsibility and more responsibility potentially results in time management problems and, untimely, stress. Stephen Covey (1989) offered a

four quadrant model that, when adopted by leaders, can provide some perspective and order. According to the model, individuals spend time within four quadrants on tasks that are important, not important, urgent and not urgent.

	Urgent	Not Urgent
Important	I	II
Not Important	III	IV

**Quadrant I – “Urgent and Important”**

Within this quadrant, time is devoted to “crises, pressing problems, and deadline-driven projects. While matters in this quadrant often times must be addressed, too much of an emphasis in this area results in:

Stress,  
Burnout,  
Crisis management, and  
Always putting out fires

**Quadrant III – “Urgent and Not Important”**

Within this quadrant, time is devoted to “Interruptions, some phone calls, some mail / email, some reports, some meetings, pressing matters, and popular activities.” Matter in this quadrant should be reduced. Too much time in this quadrant results in:

Short-term focus,  
Crisis management,  
Reputation-chameleon character,  
See goals and plans as worthless,  
Feel victimized and out of control, and  
Shallow or broken relationships

**Quadrant IV - “Not Urgent and Not Important”**

Within this quadrant, time is devoted to such activities as “trivia, busy work, some mail / email, some phone calls, time wasters, and pleasant activities. Activities in this area are time killers and should be drastically reduced, if not totally eliminated. Too much time in this particular quadrant results in:

Total irresponsibility,  
Fired from jobs,  
Dependence on others or institutions for basics

### **Quadrant II – “Not Urgent and Important”**

Within this quadrant, time is devoted to “prevention, personal character development activities, relationship building, recognizing new opportunities, planning and recreation.” Quadrant II, according to Covey, “is the heart of effective personal management.” This quadrant “deals with things that are not urgent, but are important. It deals with things like building relationships, writing a personal mission statement, long-range planning, exercising, preventive maintenance, preparation – all those things we know we need to do, but somehow seldom get around to doing, because they aren’t urgent.”

The obvious challenge for board members is to reduce time and energy devoted to quadrants I, III, & IV while maximizing the opportunities presented by quadrant II. Covey concludes that more time devoted to quadrant II will result in increased productivity:

Your effectiveness would increase dramatically. Your crisis and problems would shrink to manageable proportions because you would be thinking ahead, working on the roots, doing the preventative things that keep situations from development into crises in the first place – 80 percent of the results flow out of 20 percent of the activities.

### **Competency Area Seven: Organized for Achievement**

There are many leadership characteristics that attract followers such as vision, locution, relationship-building, the ability to inspire, the ability to dispense hope and encouragement...etc. A common theme with most of the “traits” found in the literature is interpersonal relationships. In short, most of these traits identify ways in which leaders relate to their followers. While the ability to relate to others is an important leadership quality, it is not the only responsibility that leaders are faced with. Leaders are also expected to put their followers and their organizations in a position to achieve or to produce results. In order to accomplish this, leaders must develop an important set of skills such as organization, resource management, resource development, goal setting, identifying needs and the motivation of others to take action.

In an effort to illustrate the importance achievement, the Fanning Institute created a series of articles around the concept of “The Anatomy of Leadership.” According to the model, there are three major components of true leadership. These include “the head, the heart, and the feet.”

- **Head** of leadership – Entails knowledge with common sense, the ability to think, reason and problem solve.
- **Heart** of Leadership – Deals with passion, compassion, and emotion
- **Feet** of Leadership – Addresses the importance of “taking action.” One of the major themes of a leadership development program states that “with leadership development emerges the responsibility to take action, to actually do something with what has been learned through reflection and self-discovery.”

This theme, though not as heavily emphasized, can also be found throughout the leadership literature. John C. Maxwell (1993) developed a five level model outlining how leaders influence followers. The model moves from position to permission to production to people development and ultimately to personhood. The model reads as follows:

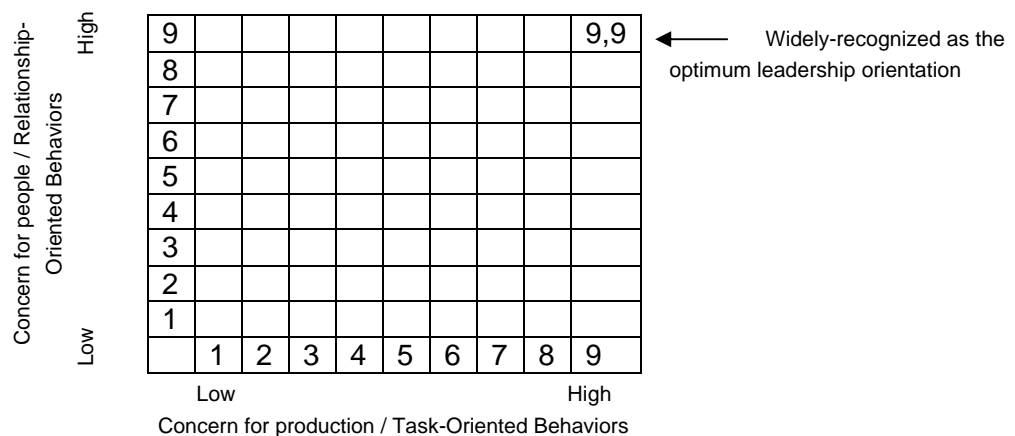
5. Personhood – People follow because of who you are and what you represent. This step is reserved for people who have spent years growing people and organizations.
4. People Development – People follow because of what you have done for them. This is where long range growth occurs.
3. Production – People follow because of what you have done for the organization. This is where success is sensed by most people. They like you and what you are doing.
2. Permission – People follow because they want to. People, due to respect and admiration, will follow you beyond your stated authority.
1. Position – People follow because they have to. Influence will not extend beyond the lines of your job description.

In this model, level three represents a significant shift in leadership focus. On this level, “everyone is results-oriented. In fact, results are the main reason for the activity.”

Maxwell sums up the importance of “level three” leadership:

On the relationship level (level two), people get together just to get together. There is no other objective. On the results level (level three), people come together to accomplish a purpose. They like to get together to get together, but they love to get together to accomplish something. In other words, they are results oriented.

Many leadership models attempt to visually represent the importance of finding a balance between concern for people /relationship behaviors and concern for production / task-oriented behaviors.



#### Leadership Grid (1991), Hersey-Blanchard Situational Leadership Model

Boards, like any other organization, seek to find the delicate balance between relationships and production. Board members need to recognize that they are working with other people within the context of professional relationships. Therefore, relationships should never be neglected. Board members, however, must also recognize the fact that the board has come together for a particular reason, and this is presumably “achievement” or to “get things done.”



## **Conclusion**

Within the field of leadership studies, there is an on-going debate around the following question: “Are Leaders born or are they made?” There is little debate around the possibility that some individuals are born with more leadership talents and abilities than others. It must not be forgotten, however, that all people possess some degree of leadership potential. The challenge, therefore, is for all individuals to identify their strengths and abilities and to improve upon these in an effort to become better leaders. This chapter was built around seven leadership competencies needed by leaders within community health networks. Through making the time to reflect upon each of these competencies, board members are taking the first step on a life-long leadership development process, a process that will ultimately result in better leadership and better boards.

## Exercises

### Individual Definition of Leadership

Many have probably heard the phrase, “there are as many definitions of leadership as there are people trying to define it.” Obviously, there can be no one “right” or “all-encompassing” definition of the term applicable to all situations. Everyone brings to the leadership role their own understanding of and experiences with this particular concept. Use Exercise One to think about personal concept of leadership.

#### Defining Leadership

**What attributes, characteristics, skills, or knowledge are exclusive to leadership? In other words, what differentiates a leader from everyone else?**

## What Kind of Community Leader are You?

Take a look at the four styles of a community leader listed below and pick the one that fits you best. Obviously, you may be a blend of a couple of styles, but you will be most honest in your answer if you think of how others in the community might classify you.

### MOVER and SHAKER

Orientation: Action oriented and authoritarian  
 Basic Need: To be in control  
 Time Focus: Present  
 Growth Area: Need to listen more, pay attention to detail and be aware of others  
 Contribution: Gets the job done

Negative Aspects	Positive Aspects
Tough-minded	Determined
Dominating	Results oriented
Impatient	Decisive
Poor listener	Inquiring
Acts first, then thinks	Competitive

### NEGOTIATOR

Orientation: Relationships  
 Basic Need: Security, safety, and stability  
 Time Focus: Present  
 Growth Area: Independence and risk taking  
 Contribution: Supportive and dependable

Negative Aspects	Positive Aspects
Conforming	Warm
Dependent	Sentimental
Pliable	Giving
Retiring	Loyal
Agreeable	Respectful

### WILD CARD

Orientation: Intuition and new ideas  
 Basic Need: Personal recognition and popularity  
 Time Focus: Future  
 Growth Area: Better time management and attention to facts and detail  
 Contribution: Creative ideas and ability to excite others

Negative Aspects	Positive Aspects
Excitable	Original
Undisciplined	Personable
Reactive	Proactive
Promotional	Stimulating
Unorganized	Charismatic

### BOTTOM LINER

Orientation: Organized, dislikes risks  
 Basic Need: To be correct  
 Time Focus: Past oriented  
 Growth Area: Make quicker decisions  
 Contribution: Technically competent

Negative Aspects	Positive Aspects
Rigid	Vigilant
Critical	Detailed
Indecisive	Consistent
Controlled & controlling	Objective
Unemotional	Precise

In the exercise below, reflect upon the challenges of the first leadership competency, “Purpose and Passion.”

**As a leader in a rural health network, my purpose and passion is...**

**The greatest challenges to be true to and trusted with this purpose and passion are...**

In the exercise below, look at your personal perceptions for sources of power for leaders.

**Where does power and influence come from? List as many sources of power and influence as you can think of in the spaces below:**

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_
10. \_\_\_\_\_

How can you motivate board members? Think of ways to adapt the five anchors to your board.

Board Member's Initials	Technical Competence	Managerial Competence	Desire for Stability	Autonomy	Creativity

By the very definition and purpose of “networks”, leaders in rural health networks have to be skilled at forming partnerships and building collaboration. It will help to understand the complexity and daunting nature of that task by thinking about all the relationships involved in your network in the exercise below.

**Seeking Partnership and Building Collaboration**

Identify the agencies and organizations involved in your network in the left hand column and in the right hand column list barriers to true partnership or collaboration:

Agency or Organization	Barriers to Partnership or Collaboration

Clemens and Albrecht (1995) offer four theories as to why some people choose to remain within their comfort zones, unwilling to attempt to “escape the darkness of their self-enforced imprisonment.” In the box below, identify how each of these “comfort zone” theories might apply to boards dealing with community health initiatives.

The Sunken Cost Theory:

The Crippled Race Horse Theory:

The Leaky Boat Theory:

The Let's Wait 'Til ... Theory:



## Board Time Management

Take a moment and reflect upon each of Covey's time management quadrants. Next, identify specific board-related tasks found within each of these quadrants?

	Urgent	Not Urgent
Important		
Not Important		

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# **Chapter Eight**

## **Resource Development and Resource Management**

### **Overview**

- Importance of a fund development plan
- Fund development process
- First things first — setting the stage for a successful financial year
- Diversified plan: types of support
- Relationship with funders
- Checklist: Is your organization ready to fundraise?

### **Introduction**

According to BoardSource (2003), ensuring adequate resources is the board's foremost responsibility, “it is essential that the board ensure there are adequate resources for the organization to fulfill its mission.” Ensuring adequate resources as well as overseeing its financial health is oftentimes viewed as the two most important responsibilities of a board of directors. Developing and ensuring the timely implementation of a fund development plan is the responsibility of the board’s fundraising or fund development committee and, in organization’s with paid staff, the executive director. Often, fund development committees are a subcommittee of the finance committee

The importance of a comprehensive fund development plan cannot be overstated. A good development plan will take into account both internal and external factors, including the strength of the staff and board, and the present and short-term economy.

### **Fund Development Process**

#### **Role of the Board**

A board must include individuals capable of leading a fund-raising campaign. Leadership is the key element in determining the organization’s fund-raising goal. Regardless of whether it is an annual fund or a major capital campaign, leadership is what will make or break your campaign.

According to Tony Poderis (2004):

“there is no greater strength in ... fund-raising than a board ready and willing to lead, and no greater weakness than one which sees fund-raising as someone else's job. Yet far too many board members are, at best, reluctant fund-raisers. They're quick to claim they don't

have the time, feel uncomfortable "begging," don't have the right contacts, or didn't sign on to be fund-raisers -- that it's the staff's job”.

Poderis states that board members must be provided with a fund-raising "road map" -- including the tools and support they need to be effective fund-raisers.

### **Defining the Board Member's role**

Board members need to be provided with the tools and support needed to develop and execute an effective development plan. A first step is to define the roles of the committees essential to the development plan: the finance and fund-raising or development committees. The finance committee is responsible for developing the organization's annual operating budget; the fundraising committee is charged with developing the plan and ultimately ensuring the funds are raised. The chairperson of each committee is critical to its success. It is the responsibility of the Executive Director and the Board Chair to ensure each committee chair understands their fiscal and fund-raising responsibilities. Fundraising or fund development committees are composed of board members and, oftentimes, other volunteers who have a high level of comfort asking for money or have access to corporations, foundations and individual donors. A development committee needs people who are skilled managers and have strong marketing backgrounds. They are people who are able to lead, and they have a solid reputation in the community. It is the responsibility of the committee chairperson to pull together a group of volunteers who can be relied upon to deliver results. Recruiting other volunteers is an important part of what a development committee chair needs to be able to do.

It is the responsibility of each board member to financially support the organization – it is the responsibility of the fund development committee to do “the ask.” Poderis (2004) emphasizes that the board should not be afraid to make it clear to potential members that part of their responsibility will be to assist in raising funds. Building a board culture that makes fundraising an integral part of daily operations helps all members become confident fundraisers. Poderis suggests that candidates should be assured that they will be provided with any assistance they may require from the fundraising committee and fellow board members who are also committed to fundraising for the organization. Poderis also believes that those responsible for recruiting board members should be vocal in their endorsement of the organization's fundraising policies and provide specific examples of how they have successfully solicited gifts.

### **Role of the Staff**

In organizations with staff, the executive director develops the budget for finance committee review and board approval. Executive directors are responsible for providing leadership, along with the board, for any fundraising campaigns. In organizations staffed with development directors, executive directors work closely with them to ensure a sound development plan. Executive directors and other staff should also financially support the organization.

In addition to providing leadership for planning, it is the role of the executive director to ensure board members are ready to fund-raise. Solid knowledge of the work, constituents and finances of the organization are crucial to fund-raising. It will be difficult for board members to

communicate an organization's needs and importance if they don't know the organization! The steps listed below outline several suggestions for executive directors and board leaders that will assist them in preparing board members for fundraising.

**Steps an organization and its executive director can take to prepare board members to fundraise: (adapted from Poderis, 2004).**

- Educate them on all aspects of the organization, encourage them to play the role of a potential funder and ask the “hard” questions.
- Educate them on fund-raising with workshops, retreats, or special “fund development” meetings. Knowing the process of fund-raising helps alleviate the fears associated with fund-raising.
- Help them reinforce their belief in the value of the organization's mission by sharing its success with them and encouraging them to involve themselves in its programs. True belief in a cause can turn almost anyone into an effective fund-raiser.
- Assign tasks that involve them in a fund-raising campaign, but that do not require them to solicit gifts. These can include rating prospects, adding personal endorsements to funding requests, and writing thank-you notes to donors.
- Place them in a position to be visibly associated with the organization and its successes. Ask a board member to be interviewed in a story the local newspaper is doing on the organization or one of its programs.
- Partner a board member who is a successful fund-raiser with a new fund-raiser as a mentor. Have the new member accompany the successful fund-raiser on visits to a donor. A successful experience will help a new fund-raiser quickly learn the ropes.
- Create opportunities for board members and volunteers to experience the organization. They will gain a true appreciation for the organization from the up-close and personal view provided by visits to its facilities, events where they can watch the organization at work, and seeing how real people benefit from the organization.

**Developing a strong fund development plan**

Corporations, foundations and individuals are bombarded with requests to support various charities – helping a potential contributor make an informed choice is the responsibility of the executive director and the fund development chair.

Betsy Nelson, (2002), states, “funders . . . want to support an organization that is dedicated to an issue that people care about. And, they want to contribute to a nonprofit that they believe is effectively meeting its objectives and is producing good outcomes and doing good work.” In addition, she believes that funders often make judgments about whether or not they will give to an organization based on how financially healthy and efficient it is. Sometimes organizations will embark on a fundraising effort without critically examining their organization. As a result, they may be unprepared for the questions posed to them by prospective donors. It is good policy to view a fundraising effort as the last piece of the organization’s overall plan.

***Review your mission***

Make sure the organization's mission remains relevant to what the organization currently does. The mission should clearly state the reason the organization exists. Poderis suggests that the organization have a clearly defined, fully understood, and completely accepted mission statement that addresses the difference the organization makes for those it serves, rather than merely describing what it does.

### ***Review your Board composition***

Ensure your board of directors is composed of volunteers who have a good understanding of their responsibility as fiscal agents for the organization, including responsibility for cultivating donors and soliciting funds. Make sure your board is trained on how to solicit potential donors.

### ***Update your strategic plan***

Strategic plans should be reviewed quarterly and updated annually. Plans should be shared with prospective donors, especially foundations and corporations. Be prepared to articulate your shared vision for the organization.

### ***Strengthen your data collection***

Ensure that you are collecting data on who your organization serves by program or service as required by funders. When planning new programs, collect data to see whether or not there is a justified need in your service area. Chapters 5 and 6, Taking Inventory Part I and Part II offer suggestions for how to collect data essential to fundraising efforts.

### ***Ensure your programs are impact driven***

Review the services the organization presently provides; ensure each program has clear objectives and outcomes. Make sure the organization is clear on whom it serves. In addition, nonprofits need to ensure that their programs are responsive to changing demographics.

### ***Review your finances***

Know exactly what the organization's operational income and expenses are. Be prepared to answer questions on expenses that may seem out of line to a potential funder. Study the organization's audit prior to submitting a request to a foundation or meeting with a prospect. Be prepared to answer questions on the organization's sources of funding, especially any significant variances.

## **A Diversified Plan**

A fund development plan should be diversified, common sources of funding include:

**Government grants:** There are hundreds of federal, state and local grants an organization can explore to see if there is a fit between the program the organization

wants to do and the regulations the government grant requires. Most grant opportunities are now posted online, with step-by-step directions on how to apply. Organizations can search most of the Web sites by issue (health), state (Georgia), or grant size.

**United Way:** Most United Ways grant funds to programs instead of actual agencies. It is helpful to review their community initiatives and priority issues annually. According to United Way of America (2004), common focus areas include: children and youth; strengthening and supporting families; promoting self-sufficiency; building vital and state neighborhoods; and supporting vulnerable and aging populations.

**Fees for service:** Develop a program-based fee for service schedule. Most organizations develop a sliding scale, a fee-for-service based on poverty guidelines. In order to be effective, fee-for-service schedules need to be developed after researching both profit and non-profit competitors and setting fees accordingly. Fee-for-service schedules need to be updated annually.

**Foundation grants:** Research foundations, as most foundations, provide information on types of programs they give to, a range of giving, submission deadlines, and who is on the board of trustees. Prior to developing a proposal for submission, seek an appointment with a program officer of the foundation; most are willing to hear your plans and discuss whether there is a fit with their foundation. Developing relationships is a must.

Often, a foundation will issue an organization a “challenge grant” in which they “challenge” the organization to raise a certain amount prior to making a large commitment. For example, an organization wants to raise \$500,000 for a new initiative and requests from a foundation a \$100,000 grant. The foundation may choose to do part of the grant as a challenge, say contribute \$50,000 initially and grant the other \$50,000 once the organization reaches \$450,000. The challenge grant also serves to leverage dollars from other contributors. No one wants to see an organization “lose” dollars attached to a challenge grant, especially potential donors who have been identified as likely prospects.

**Corporate contributions or corporate foundations:** Most corporate foundations work in the same way as other foundations. Contributions are usually managed by community relations, marketing, or advertising departments. Community relations staff are usually able to contribute limited funds; foundation grants are more sizable. According to The Foundation Center, corporations provide support to nonprofits through direct-giving programs, private foundations, or both.

**Company-sponsored foundations:**

- are separate legal entities, they maintain close ties with the parent company, and their giving usually reflects company interests.
- generally maintain small endowments and rely on regular contributions from the parent company and/or subsidiaries to support their giving programs.



- often grow their endowments in profitable years and tap them in leaner years.
- must follow the appropriate regulations governing private foundations, including filing an annual Form 990 - PF with the IRS.

**Corporate direct giving programs:**

- are not separately incorporated and do not adhere to private foundation laws or regulations or file a 990-PF form.
- enable the corporation to deduct up to ten percent of its pre-tax income for direct charitable contributions (this includes giving to the company's foundation.) The average percentage is closer to one percent.
- make various other kinds of donations, sometimes treated as business expenses, which are not necessarily included in giving statistics.
- are often used as a supplement by the company to support programs that do not fall under the guidelines of the company-sponsored foundation.
- do not have an endowment.
- frequently include employee **matching gifts** and **in-kind gifts** as part of their grantmaking activities.

**Special events:** Most special events, such as those listed below, are supported by corporations, small businesses, and even individuals who are seeking exposure to a particular industry or audience. Include ways to have identifiable corporate sponsorships, sale of tickets or tables, and special fundraising activities within the event, like a silent auction, in which attendees bid on donated goods and services.

**Annual Fund:** Providing an avenue through which stakeholders and contributors can give to your organization on an annual basis is a key way to raise funds and to stay informed on how they view your performance. Be prepared to receive feedback on how you are providing a service or on what your image is in your industry or community when soliciting a gift.

**Merchandise/product sale:** Find a product that is unique and related to the organization's mission, and have it available year round. Some examples would include decorative medication dispensers for a health network, artwork for an arts organization or calendars with children's drawings or writings for a youth organization. (Make sure to conduct an environmental scan to appropriately price your product. Request in-kind support from a corporation with a marketing department to help in designing an effective marketing campaign.)

**In-kind contributions:** In-kind contributions are usually from corporations who have in-house expertise and resources. On an annual basis, organizations should develop a list of needed support and be prepared to share the list with corporations. Typical forms of in-kind support include:

- Printing
- Office space
- Furniture/equipment
- Mailings
- Design and layout of publications (newsletter, annual reports, event invitations)
- Product (soft drinks from a bottling company, for example)
- Legal services
- Accounting/audit services

**Volunteers:** Solicit corporate and community volunteers for specific fundraising events. Marketing and advertising professionals can lend their expertise in the design of event invitations or conference brochures. Oftentimes, they can assist in obtaining funds for the event or getting their company to print your materials.

#### **Types of support include:**

- **Capital campaigns:** campaigns, usually extended over a period of years, to raise substantial funds for enduring purposes, such as a building or endowment.
- **Conferences and seminars:** grants to cover the expenses of holding a conference.
- **General/Operating support:** grants to cover the day-to-day personnel, administrative, and miscellaneous expenses of a project or organization; also referred to as unrestricted support.
- **Seed money:** grants or contributions used to begin a new project or organization. Seed grants may cover salaries and other operating expenses for a new project. Also referred to as start-up funds.
- **Program development:** grants to support specific projects or programs as opposed to a general purpose grant; also called special project grants.
- **Emergency funds:** one-time grants to cover immediate short-term funding needs on an urgent basis.

Outlined below is a sample fund development plan that can be adapted to most organizations:

## Sample Fund Development Plan

Source of Funding:	Corporations
Type of Support:	Conference
Program or Event:	2005 Rural Health Conference
Description:	Annual event held in September, in Atlanta
Audience:	Health and other service providers in the state; approximately 200 in attendance
Funding Goal:	\$75,000 (net)
Strategy:	To obtain support from 15-25 corporations in amounts ranging from \$2,500 to \$25,000

Action Steps	Responsibility	Resources	Cost	Completion Date
1. Develop a conference budget showing revenue/expenses; determine overall corporate sponsorships needed to reach \$75,000 net goal.	Executive Director; may involve finance chair/committee	<ul style="list-style-type: none"> <li>▪ Previous years' budgets</li> <li>▪ Development director</li> <li>▪ Finance manager</li> </ul>	No outside costs	6/30/04
2. Organize a conference committee to include staff, board, corporate supporters and other volunteers. Hold first meeting, select a conference committee chair and a fund-raising subcommittee chair.	Executive Director	Board, staff		8/15/04
3. Recruit subcommittee members; hold organizing meeting; outline responsibilities of committee; share goals and budget; obtain buy-in.	Fund-raising subcommittee chair	Fund-raising subcommittee	None	9/30/04

Action Steps	Responsibility	Resources	Cost	Completion Date
4. Research potential corporate sponsors, determine sponsorship potential. For example: corporations A,B,C can potentially give at the \$25,000 level. Corporations D,E,F,G,H,I,J can potentially give at the \$10-15,000 level. Determine best contact within corporation.	Fund-raising subcommittee	Staff, board, conference committee	No outside costs	11/1/04
5. Prepare sponsorship materials, including benefit of sponsorship to corporation.	Executive Director, Marketing staff	Marketing volunteers; outside consultants	\$1,000 for contract consultant	11/1/04
6. Arrange to meet with corporation, may be "best contact" or someone they suggest.	Fund-raising committee member		No outside cost	3/1/05
7. Present the sponsorship opportunity; state a requested amount.	Fund-raising committee member			
8. Continue to meet at least monthly to determine the status of the goal and take corrective action, if needed.	Fund-raising subcommittee chair	Committee members	No outside costs	Monthly: April-September

## **Funding Formula**

Nonprofit organizations should not be dependent on two or three funding sources for the livelihood of their organization. Particularly dangerous is when nonprofits are dependent on one category of funding, such as local, state and federal funding or United Way and other workplace giving programs. Financially healthy organizations diversify their funding sources so that one source is no more than 20%. For larger nonprofits, the funding diversification should be even greater. Exercise One presented at the end of the chapter will help board and staff thoroughly explore the organization's funding base.

## **Relationship with Funders**

Meet with key funders every year. Update them on the organization's plans and seek their guidance without asking for dollars. Always inform key contributors of any major change in the organization such as the departure of the executive director. Always inform contributors of controversial issues impacting the organization, especially those that may appear in the media. Never assume a funder can contribute to the organization every year. Some funders have a limited number of years they will support a nonprofit. It is acceptable to ask a funder for recommendations on who else may be interested in the organization's mission.

To give the organization a head start on meetings with funders, prepare key points for the conversation. The exercises at the end of the chapter can be helpful in assisting in how to think through why people and organizations have given in the past and possible reasons they have not given. For help in getting started on a list of reasons people give and don't give, see Page 15.

When soliciting a contribution from a foundation, corporation or individual keep the following in mind:

- Do the proper research. Thoroughly know the prospect before you go into the meeting, who the trustees are, what areas they give to, and their range of giving.
- Don't be afraid to ask questions or ask for guidance, most prospects have vast knowledge in the area of fund-raising campaigns.
- Be prepared to discuss the benefits of the gift for both the prospect and the organization.
- Summarize the highpoints of the presentation before moving to ask for the gift.
- Practice what you are going to say and how you will say it.
- Make sure you have answered all their questions before asking for the contribution.
- Be prepared to ask for a specific contribution.
- After the ask, be prepared to remain silent.

Boardsource (2000) identifies reasons why donors give and, conversely, why prospects don't give. Organizations can use this insight to improve fundraising potential and to train their board leadership and development staff.

## **Reasons Donors Give**

- They want to make a difference
- They are sharing their good fortune
- Their beliefs are being shared in a tangible way
- They want to invest in a worthy cause
- They are demonstrating their commitment
- Someone they respect sent them an invitation
- Others they know and trust are contributing
- They are seeking an opportunity to change the status quo
- They want to associate themselves with the reputation of the organization
- By donating to a public charity, they are deriving tax benefits

### **Why Prospects Don't Give**

- Solicitation was infrequent or ineffective
- Information was lacking about the difference their gift made
- They never felt wanted or needed
- The organization did not ask their opinions or include them in plans or programs
- They received no direct, personalized appeal by someone excited about the organization's accomplishments
- No one asked them to give again, to consider giving more, or to help find others to give
- A previous gift the organization did not acknowledge

### **Common pitfalls to avoid**

- Overstaying your welcome: if your meeting is scheduled for 30 minutes, time your presentation accordingly leaving sufficient time for questions from the funder and time to actually solicit the contribution.
- Sounding unappreciative: if the prospect declines to support the organization or gives an amount less than what was requested, be aware of your body language and of your verbal response. Remember, they too have to work within a budget. They may want to participate but cannot due to financial constraints.
- Leaving the door open for the following funding cycle: If the funder declines but seems interested in the work of the organization, it is perfectly acceptable to inquire whether the organization can present a proposal during the next funding cycle.

### **Undertaking a Major Campaign**

Major fundraising campaigns occur periodically in an organization's lifetime, usually not more than once or twice every ten years. Major campaigns will vary in financial goals depending upon

the needs of the organization.. The following checklist, based on the work of Poderis (2004), assesses an organization's readiness to engage in a major campaign.

\_\_\_The organization works from a written Fund Development Plan which has been created within the context of the organization's strategic plan.

\_\_\_The organization produces annual, endowment, capital and sponsorship campaigns as needed and assures resources are in place to take them to their fullest potential.

\_\_\_The organization has a Board committed to leading the organization and raising funds.

\_\_\_Fund-raising efforts are guided by a development committee comprised of board members and other volunteer leadership and it has a mission statement outlining the committee's duties and describing the policies to be implemented.

\_\_\_The organization develops achievable goals for a campaign before asking for the first gift, either making sure the prospects are capable of meeting those goals or adjusting the goal so that it is in line with the nonprofit's fund-raising potential.

\_\_\_The organization presents a compelling case for support that not only states the amounts it needs, but presents the reasons the organization merits support.

\_\_\_The organization always informs and involves all of its departments and personnel in campaigns, recognizing that they are important members of the fund-raising team.

\_\_\_The organization produces for every campaign a fund-raising budget projection with clear, defensible reasons for what it proposes to spend in order to complete the campaign.

### **Funding Sources & Prospects**

\_\_\_The organization solicits the board for contributions at or near their potential to give, rating and evaluating them in the same way it does for other prospective donors.

\_\_\_The organization always follows the steps of major prospect cultivation---identification, information, interest, and involvement---because successful fund-raising is based upon relationships, relationships, and more relationships.

\_\_\_The organization's first prospects are those it serves - as potential donors and bases its solicitation to them on an emotive appeal.

\_\_\_The organization has assembled a database of contributions managers at foundations, corporations, and government agencies, and because they are stewards of others' money required to justify their recommended donations, it bases the solicitation of them on rational grounds, rather than emotive appeal.

\_\_\_The organization prioritizes individuals, corporations, and foundations for best funding potential, understanding that real wealth lies in the hands of individuals and that corporations and

foundations are not usually the best source-of-first-choice for the organization's needs.

\_\_\_The organization always rigorously rates and evaluates the giving potential of prospects because this is the key to fund-raising success. Just as the organization must set a goal for each fund-raising campaign, it must set a goal for each prospective donor. Campaign goal achievement is based upon prospect goal achievement.

\_\_\_The organization always determines how many gifts of what size it needs to meet campaign goals and begins its solicitations with the largest gifts working down to the smallest.

### **Organizing a Campaign**

\_\_\_The organization never assumes the solicitors know the organization, the purpose of the campaign, or how to ask for money, and it always equip them with easy-to-use solicitation kits that provide needed information and instill confidence.

\_\_\_The organization always develops campaign timelines for campaign leaders and solicitors, realizing that long-running campaigns diminish enthusiasm.

\_\_\_The organization always provides job descriptions that clarify lines of accountability and responsibility as well as duties for both campaign leadership and solicitors.

\_\_\_The organization always seeks the best possible solicitor-prospect assignments, especially taking advantage of solicitors' peer contacts, friendships, and leverage. Prospects are more likely to give when solicitation comes from the 'right' person---someone they respect and who can make a strongly credible, personal case for support.

\_\_\_The organization has staff in place to provide all needed campaign resources, including letters, lists, proposals, support data, and meeting arrangements.

### **Managing a Campaign**

\_\_\_The organization always suggests a specific gift amount to every prospect, and while it knows the dollar amount it wants, the organization suggest donors contribute it, rather than tell them they should give it.

\_\_\_The organization uses challenge and matching gifts as a tool to attract and maximize the gifts of others in annual fund, capital, and endowment campaigns.

\_\_\_The organization uses membership and named gift opportunities, set at publicly identified contribution levels, to promote giving. These programs allow solicitors to more easily suggest specific contribution amounts, and they help create subtle peer pressure on a donor to give at an appropriate level.

\_\_\_The organization always provides campaign leadership and solicitors, organization staff, and other interested parties with regular, periodic progress reports and campaign updates during the



campaign.

\_\_\_The organization is prepared to get a troubled campaign back on track by readily identifying problems and taking timely corrective action, including covering unexpected shortfalls by instituting a plan to increase the prospect base and/or average gift size.

\_\_\_The organization always records gifts and collects money in a timely fashion following required practices of the finance department and auditors. This can greatly relieve problems with disputed or canceled pledges.

\_\_\_The organization promptly deposits checks, acknowledges gifts, and apprises solicitors of receipts of those gifts. The organization never wants to hear, "I sent my check in two months ago, but still don't know if you received it."

### **Post-campaign Activity**

\_\_\_The organization announces results, gives recognition, and thanks donors and volunteers, giving credit where it's due so that as many volunteers as possible feel a sense of accomplishment for the campaigns success.

\_\_\_The organization promptly provides donors the special benefits and privileges, memberships, and named-gift opportunities offered to them when they were solicited, remembering that promptness in fulfilling promises is as important to them as their promptness in fulfilling pledges is to the organization.

\_\_\_The organization cultivates donors and prospects by inviting them to events, annual meetings, and site visits and issuing newsletters and other communications, making sure that they hear from the organization at times other than when it is asking for money.

\_\_\_The organization evaluates the effectiveness of solicitation kit materials, the campaign kickoff, and progress reports and meetings by reviewing the ongoing campaign notes and debriefing campaign leadership and solicitors.

## **Summary**

Organizations that are financially solid have three things in common: strong leadership, an educated board that understands its fundraising role, and a well-thought-out fund development plan. Strong leadership and a board that understands the importance of fundraising will ensure an organization meets its financial goals. A fund development plan is the tool that will guide the organization in its fundraising efforts. Organizations should be as diverse in their funding as they are in their programs and services. Organizations with a diverse funding base are attractive to donors since it illustrates the organization is not dependent on one or two sources. Building relationships with funders, whether they are individuals, corporations, or foundations, is also key

to successfully fundraising. Organizations need to remember to meet with funders at times when they are not asking for a contribution. Last, organizations should look at Exercise Four, “Is the Organization Ready to Fundraise?”, before embarking on a campaign aimed at foundations, corporations or individuals.

## Exercise One

### An organization's funding picture

To examine the current funding sources for the organization and to critically look at the strengths and challenges of the organization's financial health, use the chart below. List all of the sources, no matter how small and the approximate percent of your annual budget that source provides.

Funding Source for Your Organization	Amount	%

## **Exercise Two**

### **Exercise Two: Check-up for Resource Health**

1. What does the organization's current funding picture look like?
2. Where are the strengths?
3. Where are the opportunities for growth?
4. What are the challenges?

The next time the board is together, discuss this distribution of funding sources as well as the above questions.



## Exercise Three

### Key Points to Discuss with Funders

1. What are the most common reasons given when funders *give* to the organization?
2. What are the most common reasons given when funders *do not give* to the organization?
3. How should the organization respond to some of those reasons?

## Exercise Four

Organizations may want to use Exercise Four at the beginning of a board retreat or at a board meeting where fund development is the topic of discussion. An organization ready to fundraise will answer “Yes” to each question.

### Checklist: Is the Organization Ready to Fundraise?

	YES	NO
1. The organization has recently reviewed its mission, vision and values statement.		
2. The organization has a strategic plan and reviews it quarterly.		
3. The organization can clearly state its impact on the community it serves.		
4. The organization has a clean annual audit.		
5. The Board of Directors is engaged in the fund development process.		
6. The Board of Directors and the fund development committee have a good understanding of the programs and services.		
7. The organization has a strong fund development committee, composed of volunteers and staff.		
8. The organization has a sound, diverse development plan.		
9. The fund development committee is trained and ready to ask for funds.		
10. The board and staff contribute to the organization.		

## **Exercise Five**

### **Five Things One Board Member Can Do to Raise \$100 to \$5,000**

Most board members feel that they should be raising money, or more money. It's frustrating to be a board member who wants the board to do more to raise money, when others on the board are reluctant about the idea. The board as a whole needs to ensure that there is an overall plan for raising or earning the money the organization needs to do its work. This "Main Course at the Board Cafe" looks NOT at what the board should or can do, but suggests what one board member can do as an individual.

1. Make a personal contribution. Hand write a short note to the board president explaining why you are making the contribution, and give the check and note to him or her as you leave the board meeting.
2. Host a dessert party in your home or business and invite twenty friends and relatives. On the invitation say that they will learn about the organization, be asked but not pressured to make a contribution, and enjoy a great dessert. Invite three or four other board members so they can learn how to do this themselves. At the party, have one client speak for three minutes about what the organization has meant to him or her. Next, have one staff person speak for another two minutes. Then explain to the group why you serve on the board and think the organization is important. Ask the group if there are any questions, and encourage your guests to make a contribution, if they feel the cause is worthwhile, before leaving the party.
3. Write a letter and send it to ten friends and relatives. In the letter, explain why you volunteer your time at the agency. Ask them to consider making a contribution to the organization, and let them know they can send the check to you or directly to the organization. Give the list of names to the staff and ask to be notified immediately if any contributions are received. Make sure to personally thank each person who contributes. Have the organization thank each donor as well.
4. Volunteer to match the contributions from other board members. Tell the board that you will match, dollar-for-dollar, every contribution from a board member before a specific date, such as December 31, and up to a certain total. The catch, you will only do it if each and every board member makes a contribution. Alternatively, have a staff member tell the board that an anonymous board member has made this offer.
5. Together with two or three other board members, pledge significant gifts. Then write a letter to the rest of the board showing your collective commitment: "Felicia, Pat, Laura, and Edgar—have pledged to give a combined total of \$4,200 to our organization this year.



We're doing this because we believe in the work we are doing and we want to make sure we can do as much as we can. Won't you join us in building the important work of our organization?"

*Source: BoardCafe (2000)*

## **Resources**

BoardSource, 2002

Council on Foundations – [www.cof.org](http://www.cof.org)

Georgia Center for Nonprofits – [www.gcn.org](http://www.gcn.org)

Betsy S. Nelson is executive director of The Association of Baltimore Area Grantmakers, a membership organization dedicated to promoting philanthropy. The Daily Record publishes Nelson's 'Charitable Giving' column every other week. [bnelson@abagmd.org](mailto:bnelson@abagmd.org).

Tony Poderis (2004) – [www.raise-funds.com](http://www.raise-funds.com)

[www.fdncenter.org](http://www.fdncenter.org)

[www.boardcafe.org](http://www.boardcafe.org)

[www.nonprofits.org](http://www.nonprofits.org)

[www.national.unitedway.org](http://www.national.unitedway.org)

[www.grant-finder.net](http://www.grant-finder.net)

[www.grants.gov](http://www.grants.gov)

[www.fedgrants.gov](http://www.fedgrants.gov)

# **Chapter Nine**

## **Member Responsibilities and Meeting Management**

### **Overview**

- Board Member Responsibilities
- Liability of boards
- Attending meetings
- Ethics, Values, and Guiding Principles
- Executive director transitions
- Responsibilities when there is staff
- Responsibilities when there is no staff
- Tools for running effective meetings

### **Board Member Responsibilities**

According to Garber (2002), the management and the effective work of nonprofit boards when governance issues, administrative issues and teamwork issues are in competition for attention can be difficult. These complex matters demand greater consideration be paid to the roles and responsibilities of board members, increased board and individual accountability and to proper meeting management.

The Charity Channel reports that many factors and conditions can affect the roles and responsibilities of boards of directors, including:

- the extent to which the organization depends upon board members for delivery of programs;
- the extent to which the focus of the organization is on fund-raising vs. direct service;
- the level of risk involved in the service, and the degree of vulnerability of the clientele;
- the stability of income and the ways it is generated;
- the stability of the social, political, and economic environment in which the organization operates;
- the extent to which the organization is subject to external oversight;
- the skills of the executive director and staff; and
- the diversity of the community and clientele.

In the midst of these changing factors and conditions, Temkin (2003) believes that board members must accomplish three responsibilities: understand context, have a sufficient data, and thoroughly explore issues. She further states that board members must be expected to do the following.

1. Be able to read a financial statement.
2. Become familiar with indicators the organization uses to measure impact.
3. Be knowledgeable about the organization's decision-making process.
4. Come to meetings prepared.
5. Ask questions.

As individuals, board members are expected to openly share their knowledge, ideas and reservations, as well as respect the knowledge, ideas and reservations of others. Board members are also expected to engage in sufficient dialog to feel comfortable that they are in fact reaching the best decisions. This means that they must have an expectation of confidentiality—that what is said in the boardroom will stay in the boardroom. It also means that they have to understand that meetings may run more than the customary timeframe and that they are expected to stay and hash out the resolutions.

Serving on a board also carries many legal and ethical responsibilities in addition to the responsibilities to the community and organization board members represent. While boards are typically not as legally liable as individuals, they should still understand fully their responsibilities. Staff, or the organization and the board chair, should always make available the state and federal laws governing boards. Other responsibilities may be less obvious, however.

In general, board members are responsible for the **financial, legal, programmatic and personnel** requirements of the organization. While some of these responsibilities can be delegated to the CEO of the organization, ultimately it is the board that must ensure careful oversight. Too often, boards, especially those lucky enough to have good staff, stop asking hard questions and exercising their responsibilities.

All in all, it is important to keep in mind that board members' work should be tied directly to the vision, mission and goals of their organization. This chapter will provide board members with tools for improving their understanding of their responsibilities and the challenges that typically surface in carrying out these responsibilities. For example, one specific challenge addressed is that of executive transition. In addition, the chapter will outline ways for enhancing how boards manage meetings so that their responsibilities are carried out as efficiently and effectively as possible.

## **The Liability of Boards**

According to The Academy for Leadership Governance (2003), there are two main liability issues to avoid. The first is to avoid being frightened into purchasing a very expensive liability insurance policy for the board until all the facts are known (like what your state laws say) and until the risks involved can be carefully calculated. Secondly, board members should not assume they have no risk at all. In other words, do not assume that only the organization is at risk of having to defend itself or pay restitution if

someone sues the organization because of a fall coming up the front steps or because additional trauma was suffered as a result of advice given by the organization's counselors.

Board members should be aware of the following:

1. Most states provide for the indemnification (protection) of board members. One should check the exact provision in this regard under the laws of one's state.
2. State laws that apply to not-for-profit corporations provide guidelines concerning actions permissible on the part of boards. Some board members should be aware of these provisions and be prepared to monitor their application.
3. The board should make a conscious decision about how much directors' and officers' insurance it needs, what sort, and how much it is willing to pay.
4. Boards must exercise care in protecting themselves against board actions that might lead to fiscal liability. Pay particular attention to self-interested decisions, payroll taxes, and fraud, and deal with them quickly and forthrightly. Also of importance are problems related to mismanagement, dereliction of duty, and the offering of impermissible programs.
5. The board should establish checks on performance and reporting procedures that will likely reveal early detection of troubling issues.

### **Attending Meetings**

Many boards worry from time to time about the lack of attendance or the lackluster participation of board members. Andriga and Engstrom (1997) found in their work that no one likes to carry the load of others. When people miss board meetings or do not prepare for them, someone has to bring them up to date with the actions of the board and try to keep meetings on track. One solution is to recruit more committed, loyal, fully participating board members, but a good board will still have to find ways to encourage some board members to fulfill their responsibility.

Board members will often be more careful about their attendance responsibility if the board makes clear the expectations. Here are just a few ways to do that:

- Addressing bylaw provisions requiring regular attendance.
- Addressing impact of attendance on the committee's function.
- Attending to the issues related to the scheduling of meetings.
- Provide opportunities for open discussions on meeting dates, time and frequency of meetings.
- Provide clarity on attendance rules, excused and unexcused absences.
- Defining "active" membership.
- Dealing with the delinquent member.
- Discussing automatic terminations.

## Strategies for Improving Attendance

Even with clarity of expectations, a board may have to find other ways for reducing absenteeism.

- **Required rotation.** It's helpful to use bylaw provisions that require everyone to be off the board for one year after a certain number of years. This policy allows board members a periodic freer choice about further service. Except in larger, more complex organizations, such as universities and hospitals, six years—either two three-year terms or three two-year terms—is a good term before a required year off. Some board members will truly take a year off, with no participation at all. That is a good sign that re-election would be a mistake for both the individual and the board. Those who want to stay involved as volunteers may be rested and ready for another tour after the required sabbatical.
- **Non-board members on board committees.** If the bylaws allow this, some board members will more readily volunteer to leave the board as voting members if they can continue to serve on a board committee. Board membership may not be that important to these people, but they would like to help in a particular area of interest, such as strategic planning or finance. Absent such a provision, they may feel they need to be on the board in order to contribute anything.
- **Board alumni council.** In older organizations, particularly those without required term limits, a board member who is loyal to the mission and wants an ongoing affiliation stays on the governing body because there is no appropriate alternative. Some are major donors who are kept on, in spite of their inactivity, for an understandable reason. But after 20 or 30 years, or when a board member reaches a certain age, he or she is either burning out or rusting out. Forming a board member alumni group for these people makes sense. Any board member who serves more than a specified number of years is automatically eligible for life membership in this group. Once there are a dozen or so members, it may elect its own officers. Council members may be invited to board meetings as observers, and the chief executive should stay in touch with them via special communications. Honor board alumni in publications and recognize them at special events, seek their advice on key issues, and encourage them to meet for social events as they choose.
- **Attendance rule with automatic termination.** No one likes to “fire” a respected friend and volunteer, so some boards adopt a rule that says board members are automatically terminated following two or three unexcused absences. The trick here is defining “excused.” Usually, an excused absence simply means the board member notified the chairman in advance that he or she couldn't attend a meeting. Without these advance notifications, a no-show board member would be unexcused. At some point, the chairman should inform the delinquent board member in writing that the board has agreed, absent an immediate request for reconsideration, that the automatic termination provision should take effect. One

would likely be surprised at how many uninvolved board members give a sigh of relief when they get that letter. While this policy works for many boards, it is important to understand that a formal letter of termination is seldom required.

***Annual affirmation statement.*** When a board member commits to a three-year term with full intent to be an active member, s/he is sincere. But personal situations do change. A failed business, the death of a family member, a transfer to another city—whatever the reason, board members have to look at their commitments through a different pair of glasses. One suggestion is that board members routinely sign an annual affirmation statement just before the annual nominating and election process begins. This statement is a good reminder of the obligations to which a board member has committed, and most do sign and return it. It also provides an opportunity, without too much embarrassment, to respond, “My life has changed and, in all honesty, I can no longer sign for the coming year.” There should be no hard feelings, because both the board and the individual benefit from their honesty.

## Board Member Annual Affirmation of Service

### Sample Affirmation of Service

1. I continue to be fully supportive of our mission, purpose, goals and leadership.
2. I understand that board membership requires the equivalent of X days per year of my time, including preparation and meetings. I am able to give that time during the 12 months ahead, and I expect to attend all board and committee meetings unless I give the respective chairman advance notice of my need to be absent for good cause.
3. I intend to contribute financially to the work of our organization during the year and will help open doors to friends who may be interested in contributing to our work.
4. I have reviewed, signed, and intend to comply with our board conflict of interest policy.
5. [Add other items important to your board.]
6. If anything should occur during the year that would not allow me to keep these intentions of being a positive contributor to our board, I will take the initiative to talk to the officers about a voluntary resignation to allow another to serve who is able to be fully involved.

Signed \_\_\_\_\_ Date \_\_\_\_\_

*Please return your signed statement to the board secretary in the envelope provided.  
Thank you.*

Source: Robert C. Andriga and Ted W. Engstrom. Nonprofit Board Answer Book: Practical Guidelines for Board Members and Chief Executives. National Center for Nonprofit Boards, 1997.

## **Ethics and Guiding Principles**

Accountability in public organizations is necessary today. The benefits for the organization and the individual are great. To be accountable means the board member must move beyond just an awareness to a level of commitment and action. The conduct of board members reflects the nature of the board; therefore, each member should always behave in an ethical manner.

The Academy for Leadership and Governance (2003) (MUST CHECK TO SEE IF BELOW IS VERBATIM OR ADAPTED) offers eight guiding principles that should result in ethical board behavior:

### **1. Fidelity to mission**

What are the decisions or actions most likely to pull the organization in a direction counter to its mission?

*Examples:*

- Accepting funds with restrictive purposes or expectations
- Attempting to be all things to all people
- Bowing to political interests of board members and employees that are beyond the mission of the organization

### **2. Respect for individuals**

What are the desired standards for the organization's treatment of board members, staff, and constituents?

*Examples:*

- Defining compensation levels appropriate to the nature of the organization
- Developing employee policies and practices that are reflective of or in harmony with the mission
- Setting traditions for the way in which volunteers are selected, managed, and recognized

### **3. Inclusion and exclusivity**

When is it appropriate in the organization for a person or group to make significant unilateral decisions affecting others?

*Examples:*

- Determining who should be sought out for advice and consultation on significant decisions
- Deciding if some decisions require more than a majority vote
- Considering if the board is reflective of the constituency
- Considering the influence of committees and organizational structure
- Considering who may attend specific committee meetings

### **4. Openness and secrecy**

What, if anything, should be kept secret or in confidence, and from whom and why?

*Examples:*



- Financial information and level of detail
- Personnel data and files
- Donor information
- Proceedings of specific committees
- Real estate transactions
- Contract information and bidding

## **5. Conflict of interest**

Are there ways in which we function that result in inappropriate benefits to board members, staff or constituents?

*Examples:*

- Undue constituent influence
- Undue financial benefit of board members
- Unfair contracting practices involving directors or friends
- Personal or intimate relationships within the organization

## **6. Stewardship and finance**

What should the not-for-profit organization do to assure that expenditures and resources reflect its present mission and long-term health?

*Examples:*

- Resource allocation (how available funds are to be expanded)
- Investment of funds/resources in ways inappropriate to the mission
- Spending for the present without regard for meeting the mission in years to come

## **7. Personal integrity**

What are the personal standards the organization wishes to encourage with respect to honesty and respect for people and property?

*Examples:*

- Keeping confidential information confidential (donor records, client data, personnel files)
- Honoring commitments (signed and unsigned)
- Considering whether the organization's board and employees are trusted to tell the truth
- Establishing integrity with finances as a priority
- Presenting financial reports to the public in a straightforward manner

## **8. Political integrity**

What are the guidelines the organization wishes to use for participation in advocacy, fundraising, and interaction with other organizations?

*Examples:*

- Determining how information/data for advocacy purposes will be interpreted
- Setting a policy or tradition that discourages undue pressure being placed on prospects for contributions or grants

- Deciding what, if any, mutually beneficial arrangements should be encouraged
- Setting expectations which discourage the manipulation of volunteers to gain desired results

The above list represents only a number of potential areas for concern. While individual board members may identify other potential ethical issues for their board, these should cover the general range of issues and the challenge of maintaining authentic behavior.

### **Executive Director Transition**

Executive transition may be an opportunity to redirect or improve the organization's future. The board has a unique opportunity to properly manage the change so it benefits the organization and shapes the future of the organization.

Gilmore (1993) offers these key stages in leadership transition:

- addressing the decision to seek a change;
- considering the design of a search and the process;
- an analysis of the challenges facing the organization;
- addressing leadership needs;
- structuring of search for prospective candidates; and
- designing a method for input from partners



### ***Three Phases of Executive Transition***

Once the decision to replace a chief executive has been made, for whatever reasons, the executive transitions pass through three distinct phases, each building on the one before. The following chart (adapted from TransitionGuides) shows the key issues faced by nonprofit boards during each of these phases.

<b><i>Phase I: Getting Ready</i></b>	<b><i>Phase II: Recruiting</i></b>	<b><i>Phase III: Post-Hire</i></b>
<b>Key Considerations and Decisions:</b>		
<ul style="list-style-type: none"> <li>■ Deciding short-term who's in charge of what</li> <li>■ Assessing organization priorities and health</li> <li>■ Hiring interim manager, particularly if not ready to hire or in crisis</li> <li>■ Developing profile of new executive attributes, knowledge, skills</li> <li>■ Setting a competitive compensation strategy</li> <li>■ Saying an appropriate good to your departing executive</li> <li>■ Understanding and dealing with departing executive's legacy</li> </ul>	<ul style="list-style-type: none"> <li>■ Agreeing on a recruitment strategy, including diversity outreach</li> <li>■ Proactively seeking candidates</li> <li>■ Screening and ranking candidates against profile</li> <li>■ Completing thorough reference checks before final interviews or selection</li> <li>■ Spending informal time with finalists and introducing to key stakeholders</li> <li>■ Selecting and negotiating</li> <li>■ Having a back-up plan if first candidate declines</li> <li>■ Completing letter of appointment</li> </ul>	<ul style="list-style-type: none"> <li>■ Welcoming and introducing new executive</li> <li>■ Orienting new executive to organization and community</li> <li>■ Making agreements between board and new executive on three- and six-month work plan</li> <li>■ Agreeing on executive evaluation process</li> <li>■ Executive development planning by new executive with board support</li> <li>■ Agreeing on when to revisit strategic plan and direction of organization</li> </ul>

<i><b>Phase I: Getting Ready</b></i>	<i><b>Phase II: Recruiting</b></i>	<i><b>Phase III: Post-Hire</b></i>
<b>Frequent Issues and Obstacles:</b>		
<ul style="list-style-type: none"> <li>■ Rushing to hire</li> <li>■ Making hasty decisions with out assessing needs</li> <li>■ Becoming frozen and indecisive: too much process</li> <li>■ Employing overly rational process that ignores feelings of loss, anger, etc.</li> <li>■ Underestimating time and help required</li> <li>■ Not asking for help when needed</li> <li>■ Denying real condition of organization</li> <li>■ Recruiting too soon</li> <li>■ Misreading needs of the organization; attempting to hire executive exactly like (or opposite) departing executive</li> <li>■ Hiring an inappropriate interim manager, often someone liked and admired on staff or board but not experienced in what's needed</li> </ul>	<ul style="list-style-type: none"> <li>■ Advertising a non-competitive salary, limiting applicant pool</li> <li>■ Expecting a diverse pool with out outreach and networking</li> <li>■ Getting buried in resumes and process with inadequate systems</li> <li>■ Appointing "obvious successor" with insufficient thought or checking</li> <li>■ Doing reference checks too late to influence finalist selection</li> <li>■ Appointing a new executive with board divided on decision</li> <li>■ Not fully disclosing to finalist condition of organization and first year expectations</li> </ul>	<ul style="list-style-type: none"> <li>■ Not welcoming or introducing new executive to community</li> <li>■ Succumbing to exhaustion and abandoning new executive during first 30-60 days</li> <li>■ Micromanaging</li> <li>■ Giving insufficient priority to shifting roles and relationship building in first month</li> <li>■ New executive becoming overwhelmed, ignoring board and stakeholder relation ships, staff or administration; having difficulty in balancing all three</li> <li>■ Curtailing surprises for new executive and board</li> <li>■ Paying no attention to work plans or evaluation system</li> </ul>

## **Transition Tips for Boards & Search Committees**

According to TransitionGuides, a board member's biggest challenge is to resist the pressure to act too quickly. The following are some steps to consider:

- In the first week after the departure, take stock of the key issues facing the organization and the leadership and resources available to manage the transition.
- Develop a plan that pays attention to all three phases of transition—getting ready, recruiting, and post-hiring.
- Build extra time into the plan to identify and attract a diverse pool of candidates.
- Consider whether outside assistance from a consultant or facilitator friend of the organization is needed to get the full picture of the organization and its needs.
- Retain outside help unless there is an experienced volunteer available with immediate time and expertise to devote to the transition .
- As soon as possible, let staff, board, and other stakeholders know about the transition. Tell them in writing and face-to-face where possible. Let them know when the executive is leaving and who will head the search committee. Invite input into the attributes of the next executive, priorities of the organization, and possible candidates.
- Review the compensation package, add an employer-paid retirement plan if one doesn't exist, and stay open about the final salary until the available market for candidates has been tested.
- Say an appropriate goodbye to the departing executive and celebrate his or her contribution to the organization.
- Communicate regularly with the departing executive, board members, and other key stakeholders.

## **Responsibilities When There Is a Staff**

According to Andriga and Engstrom (1997), some of the guiding principles for board members include understanding roles, differences between governance and administrative functions, implementation function of staff, and the dangers of micro managing.

The following exercise provides members of the board an opportunity to clarify responsibilities, especially those that could either be a board responsibility or staff responsibility.

### Exercise One: Board and Staff Responsibilities

For each issue or task, indicate with the appropriate letter where your board is now and where it should be:

- A. Board initiates and decides on its own (chief executive may implement).
- B. Chief executive formally recommends and board decides.
- C. Chief executive decides and/or acts after consultation with board members during or outside of normal board or committee meetings.
- D. Chief executive and/or staff act on their own within previous board policies

Issues and Tasks	Is Now	Should Be
1. Mission statement for organization		
2. Formal annual goals and objectives		
3. Recruitment of new board members		
4. Board and committee structure		
5. Policies regarding board role and activities		
6. Hiring and salaries of staff other than chief executive		
7. Changes in bylaws to keep current		
8. Annual income and expense budget		
9. Budget amendments as required		
10. Capital expenditures		
11. Staff compensation policies		
12. Other personnel policies and practices		
13. Investment policies		
14. Arrangements for external audit		
15. Fundraising plan and policies		
16. Adoption of new programs or services		
17. Termination of current programs or services		
18. Staff organizational structure		
19. Organization's insurance program		
20. Board meeting agendas		
21. Other:		

The information below, from Carter McNamara, provides one view of the division of responsibilities among board and staff.

## **Assignment of Board-Staff Responsibilities**

<b><u>Activity</u></b>	<b><u>Responsibility</u></b>
<b>PLANNING:</b>	
Direct the process of planning	Staff
Provide input to long-range goals	Joint
Approve long-range goals	Board
Formulate annual objectives	Staff
Approve annual objectives	Board
Prepare performance reports on achievement goals and objectives	Staff
Monitor achievement of goals and objectives	Joint
<b>PROGRAMMING:</b>	
Assess stakeholder (customers, community) needs	Staff
Train volunteer leaders (nonprofits only)	Staff
Oversee evaluation of products, services, and programs	Board
Maintain program records; prepare program reports	Staff
Prepare preliminary budget	Staff
Finalize and approve budget	Board
See that expenditures are within budget during the year	Staff
Solicit contributions in fundraising campaigns (nonprofits)	Board
Organize fundraising campaigns (nonprofits)	Staff
Approve expenditures outside authorized budget.	Board



## Responsibilities When there is No Staff

The role of the board increases when there is no staff. The governance and administrative functions are the responsibilities of the board. A key person is the chairperson who becomes the administrator and the person who assigns tasks to members of the board. The skill levels of board members must be evaluated to assist in the proper assignment of tasks. When there is no staff, open communication among board members is critical to the effectiveness of the board and the organization.

Board members reaching this section in the notebook should now have a greater understanding of the responsibilities to the board. The tools and strategies provided should prove useful throughout their board term. One major responsibility not discussed in detail is the board meetings themselves and the importance of managing meetings effectively to maximize board member participation and performance.

The role of the nonprofit board is to plan for the future, approve policies and ensure adequate resources to fulfill the organization's mission. That should be the focus of board meetings. Non-productive meetings result in a lack of vision for the organization, low attendance, and board members who feel their time has been wasted.

Another major factor affecting board members' participation is how the meetings are conducted. Most boards use Roberts Rules of Order to keep board business on track. The rules, while beneficial, can be confusing and sometimes uncomfortably formal. Used effectively, parliamentary procedures will ensure board meetings run smoothly and everyone has a chance to be heard. The following section discusses ways to maximize the board's talents and provides strategies for how to run well-organized board meetings.

## Managing Board Meetings

Andruga (1998) makes a compelling argument for effective board governance. He believes that it may be achieved by requiring the following:

- Business meetings of the full board
- Committee meetings
- Ad Hoc meetings
- Social gathering

An observer with a working knowledge of nonprofit boards would perhaps want to know *are there significant features of these meetings?* According to Andruga (1998), leadership causes things to happen in meetings, but each member has a responsibility for making the meeting successful. Indeed, preparing for and conducting good meetings is an art form. Part of board excellence is searching for ways to improve meetings. The strategies outlined below will establish the need for the use of different

types of meetings to achieve the work of the board and gain accountability of all of its members.

### **Full Board Meetings**

1. **Great meetings build on prior basics.**  
Clear mission statement, goals, committed members, good communication.
2. **Plan meetings well in advance.**  
Calendar planned ahead, location reserved, agenda setting ahead, committee chairs are prepared, distribution of materials ahead of meeting.
3. **Provide a positive environment.**  
Adhere to the physical environment so members will be comfortable.
4. **Put logistical details in place.**  
Directions, audiovisual, refreshments, names tags.
5. **Manage the meeting effectively.**  
Use a firm and respectful style, encourage input.
6. **Follow the agenda.**  
Written agenda, separate items for action and vote, allow time for recognitions.
7. **Allow ample time for discussion.**  
Encourage discussion, agree on time limits for individual discussion, be flexible.
6. **Streamline the meeting with sound preparation.**  
Mail materials two weeks before meeting, committee reports should be brief with handouts.
7. **Hold an executive session without staff.**  
Discuss sensitive issues, clarify issues, personnel matters, real estate, be aware of "open meeting" laws.
10. **Start follow-up immediately after the meeting.**  
Thank you letters, assignments, briefings, minutes.

### **Committee Meetings**

A key principle to remember is that board committees are created to help the board do its work. Committee meetings should be carefully planned and executed. Some of the principles of good board meetings apply to committee meetings (Andringa, 1998).

Outlined below are suggestions adapted from Andringa (1998) which speak to the unique features of committee meetings.

1. **Define each committee's purpose and responsibilities in the bylaws or standing policies of the board.**  
These written policies should cover the committee's job description, who appoints the chairman, chairman's term limit, inclusion of non-board members as committee members, and staff assistance.
2. **Appoint a chairman who is willing and able to manage the committee.**  
Chairing a committee takes time and requires group process skills, which not all

board members possess. Obviously, it helps if the chairman has expertise in the subject area.

**3. Assign a staff member as a resource.**

This staff liaison, designated by the chief executive, works with the committee chairman on such tasks as developing materials, recording committee actions, and sending out notices on behalf of the chairman. The chief executive should always be the staff representative to the executive committee and possibly to the board development committee.

**4. The chairman should develop the agenda with suggestions from others.**

The board chairman, committee members, and the chief executive or staff liaison may be consulted, along with the standing policies manual sections that relate to the committee. Committee meetings should be devoted to policy review and recommendations as well as to strategic thinking about the organization's future, in the context of the committee's responsibility.

**5. Consider a committee reference book for use during meetings.**

The staff could maintain a loose-leaf notebook that is available during committee meetings along with the board reference book described above. Committee members can refer to the notebook for information related to the committee's role.

**6. Follow up promptly on committee meetings.**

Resolutions to be forwarded to the board should be approved in writing. After the meeting, the chairman should communicate immediately with the chief executive and board chairman regarding committee items for the next board agenda. (This could literally happen within the hour.) Send minutes to committee members for approval and to board members as background for upcoming agenda items.

## **Ad Hoc Meetings**

The value of informal meetings is often overlooked. Members must ask continually *can we do this over lunch?* There are no guarantees that the final decision will be reached in this setting. However, the lines of communication are open and conversation is occurring in a relaxed environment which may be the proper foundation for a formal dialogue at the official board meeting. Sometimes it is energizing to have opportunities where a "free flow" discussion fosters openness and probing for possibilities. Some tips on how to make this meeting effective are offered by Andringa (1998):

- Make the purpose of the meeting clear to all participants.
- Be sure one person has all the information that the group needs.
- Conversations usually go better when someone assumes the lead role.
- Assign a participant to follow up on the areas of conclusion.
- Document the meeting in written form, if appropriate.
- Inform others who need to know the results of the meeting.

### **Questions to Ponder...**

Consider the following questions:

- In what ways would Ad Hoc meetings create communication concerns?
- Should there be a set of rules governing Ad Hoc meetings?
- Under what circumstances should Ad Hoc meetings be prohibited?
- If conversations in Ad Hoc meetings are informal and may occur between select members of the board is there a possibility cliques may form?

These questions may be discussed in total or a select one may be discussed based on appropriateness to your situation. Discussions of the questions may occur in several ways: large group, small group or round robin.

## **Social Gatherings**

It is not enough for board members to understand their official responsibilities for meetings whether the meetings are formal or Ad Hoc. Board members gain greatly through social gatherings. Some of the benefits of this social interaction are dynamics and generate “good will” among members, partners, staff and customers. There are many venues associated with the seasons, holidays, sporting events, the arts, historic trails and locations, just to name a few. Social gatherings should be very sensitive to the differences in backgrounds of board members (e.g., music festivals should include a range of different types of musicians.)

### **Questions to Ponder...**

What should we do next summer?

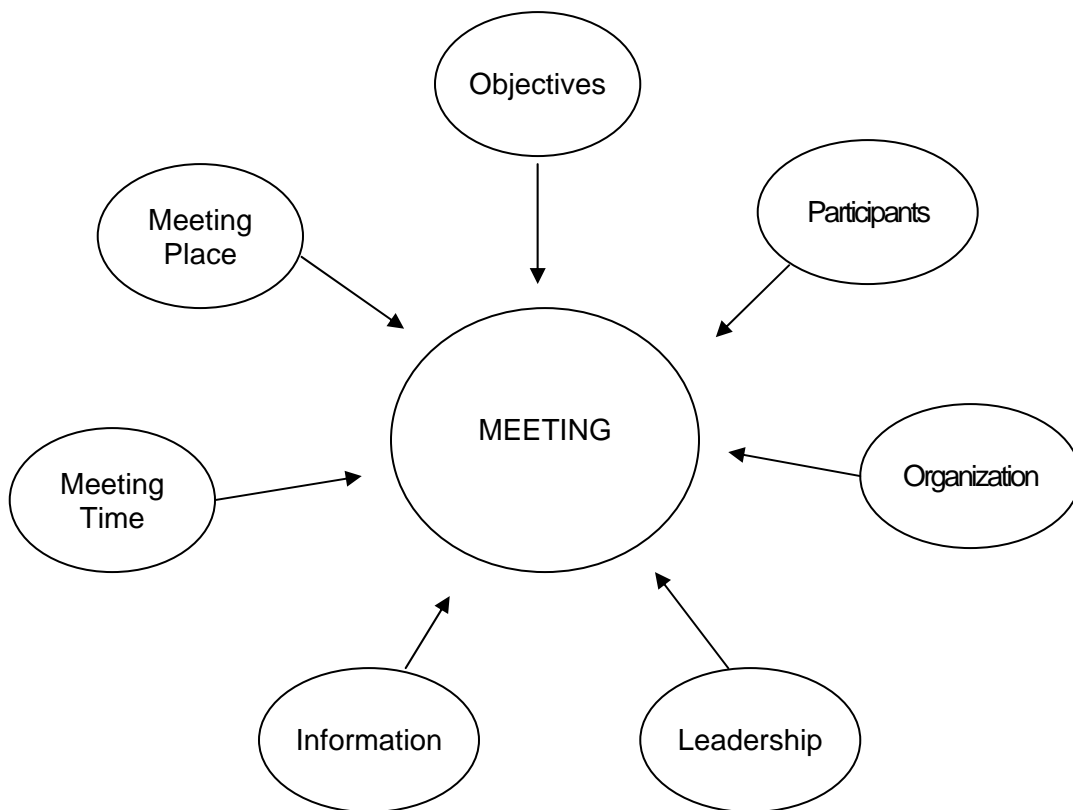
The chairperson of the board has asked for suggestions for a summer social gathering that would include board members’ families. Funds are available and the board is very diverse. The chairperson has asked you to select members to the board and form a committee to complete the task.

- What do you do first?
- What is your thinking on who should serve on the committee?
- How do you plan to generate ideas about possibilities for the events?
- What are some of the factors that must be considered as the committee moves forward?

*Note: This exercise can be conducted in small groups.*

## Essential Elements of an Effective Meeting

Overall, every organization has meetings, but not all of those meetings are effective. For board members to make their meetings effective, as the illustration below shows, they need leadership combined with good organization and effective communication in order for all members to feel engaged in a process that is productive and worth their participation. To assist members in this effort, an exercise offering tips on running effective meetings and a parliamentary procedure exercise with instructions on how to use these procedures are provided. In addition, the following sample documents are provided at the end of this chapter: board meeting agenda, board meeting minutes, and sample board attendance policy.



### Questions to Ponder...

- Will there ever be a perfect meeting?
- Will Board members ever know enough?
- If a board is at its best, how will it know it?
- When is enough, enough?

## **Summary**

The roles and responsibilities of board members are extensive, and can be confusing for those individuals who have never served on a board. This chapter attempts to outline a variety of those roles and responsibilities as well as issues of legal and ethical liability. A special case of board member responsibility—ensuring the smooth transition of the executive director—is also addressed. The chapter also details how smooth meeting management can ensure that the work of the board is carried out efficiently and effectively. This section is supported by multiple examples of meeting agendas, minutes and management guidelines such as Roberts Rules of Order.

## **Exercise 1**

Reflect on the content/materials in the full meeting section and select from the ten items the ones that would absolutely lead to improvement, but would be difficult to achieve and implement. Summarize your results and develop action steps individually, small groups or in a large group.

## **Exercise 2**

### **Tips for Running Effective Board Meetings**

Your board has found itself in a dilemma. The chairperson will move from the area in three weeks due to her company's downsizing. Your first vice chair has learned that he has a terminal disease and will be leaving the board in one week, and your second vice chair was placed in the position because he came from a prominent family in the community. He has never taken the work seriously and has done very little to prepare for the leadership role of the board. The new realities facing the board are compelling reasons members should find ways to assist in the preparation of this individual for leadership. Sometimes it is energizing for the board to think "outside of the box," but this situation is depressing. There are many things board members must be expected to do but can this be done? The chairperson elect has never demonstrated any commitment to the tips above what can be done to help improve his situation? Discuss the following questions in small groups.

- Who should approach the second vice chairperson and what should be said?
- What would the best plan look like?
- What should be done to engage him in a conversation about the tips to run an effective meeting?

### Exercise 3

#### Parliamentary Quiz<sup>1</sup>

Tongue-tied by motions? Perplexed by whether a motion is *debatable* or *amendable*? Who came up with the rules of parliamentary procedure anyway? Even the most parliamentary among us are occasionally stumped by a parliamentary puzzler. Here's a chance to show what you know about motions and procedure.

1. \_\_\_\_\_ is used to obtain information about meeting procedure.
  - a) Parliamentary Inquiry
  - b) Point of Information
  - c) Point of Order
2. **Previous Question** means \_\_\_\_\_.
  - a) call for the assembly to return to the agenda
  - b) if adopted by a two-thirds vote, debate ends and a vote is immediately taken
  - c) a request for the secretary to read the motion aloud
3. **Other than the Articles of Incorporation, the highest body of rules in an organization** are \_\_\_\_\_.
  - a) Robert's Rules of Order
  - b) bylaws
  - c) standing rules
4. **A quorum** is \_\_\_\_\_.
  - a) the largest number that can be expected to attend a meeting, except in bad weather
  - b) a majority of the members present
  - c) the minimum number of members who must be present for business to be transacted
5. **A main motion** \_\_\_\_\_.
  - a) brings business before the assembly
  - b) cannot be amended
  - c) is the highest ranking motion
6. **If a member makes a motion that is not in order,** \_\_\_\_\_.
  - a) he should be censured
  - b) he should be ruled out of order by the chair
  - c) the chair may suggest an alternate motion
7. **If the bylaws require an election to be by ballot,** \_\_\_\_\_.
  - a) a voice vote can be used if there is no objection and there is only one nominee

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<sup>1</sup> Adapted from RulesOnline.com



- for each office
- b) this provision can be suspended by unanimous consent, and a rising vote used instead
- c) this provision cannot be suspended, even by a unanimous vote

**8. Division of the question means \_\_\_\_\_ .**

- a) to separate a motion into two or more parts, each capable of standing as separate motions
- b) to retake a voice vote by a rising vote
- c) to have members who favor a motion and those who oppose it to move to opposite sides of the room

**9. The motion to Lay on the Table can be used to \_\_\_\_\_ .**

- a) kill a motion
- b) temporarily set aside a motion because something of immediate urgency has arisen, without a time to set to resume its consideration
- c) postpone consideration of a motion until the next meeting, in order to find out additional information

**10. A meeting at which the proceedings are secret is called \_\_\_\_\_ .**

- a) a convention of delegates
- b) an executive session
- c) a mass meeting

## Parliamentary Quiz Answers

1. The correct answer: **A**  
Parliamentary Inquiry is used to obtain information about meeting procedure.
2. The correct answer: **B**  
Previous Question means if adopted by a two-thirds vote, debate ends and a vote is immediately taken.
3. The correct answer: **B**  
Other than the Articles of Incorporation, the highest body of rules in an organization are bylaws.
4. The correct answer: **C**  
A quorum is the minimum number of members who must be present for business to be transacted.
5. The correct answer: **A**  
A main motion brings business before the assembly.
6. The correct answer: **C**  
If a member makes a motion that is not in order the chair may suggest an alternate motion.
7. The correct answer: **C**  
If the bylaws require an election to be by ballot, this provision cannot be suspended, even by a unanimous vote.
8. The correct answer: **A**  
Division of the question means to separate a motion into two or more parts, each capable of standing as separate motions.
9. The correct answer: **B**  
The motion to Lay on the Table can be used to temporarily set aside a motion because something of immediate urgency has arisen, without a time to set to resume its consideration.
10. The correct answer: **B**  
A meeting at which the proceedings are secret is called an executive session.

## **Resources**

### **How to Use Parliamentary Procedure**

#### **Roberts Rules of Order**

According to the National Association of Parliamentarians, the term “rules of order” refers to written rules of parliamentary procedure formally adopted by an assembly or an organization. Such rules relate to the orderly transaction of business in meetings and to the duties of officers in that connection. The object of rules of order is to facilitate the smooth functioning of the assembly and to provide a firm basis for resolving questions of procedure that may arise.

#### **Principles Underlying Parliamentary Law**

The rules of parliamentary law are constructed upon a careful balance of the rights:

- of the majority;
- of the minority, especially a strong minority-greater than one third;
- of individual members;
- of absentees; and
- of all these together.

Fundamentally, under the rules of parliamentary law, a deliberative body is a free agent — free to do what it wants to do with the greatest measure of protection to itself and of consideration for the rights of its members.

#### **Deliberative Assemblies**

A deliberative assembly — the kind of gathering to which parliamentary law is generally understood to apply — has the following distinguishing characteristics:

- It is an independent or autonomous group of people meeting to determine, in full and free discussion, courses of action to be taken in the name of the entire group.
- The group is of such size — usually any number of persons more than about a dozen — that a degree of formality is necessary in its proceedings.
- Persons having the right to participate; that is, the members are ordinarily free to act within the assembly according to their own judgment.
- In any decision made, the opinion of each member present has equal weight as expressed by vote, through which the voting member joins in assuming direct personal responsibility for the decision, should his or her vote be on the prevailing side.

- Failure to concur in a decision of the body does not constitute withdrawal from the body.
- If there are absentee members, as there usually are in any formally organized assembly, such as a legislative body or the assembly of an ordinary society, the members present at a regular or properly called meeting act for the entire membership, subject only to such limitations as may be established by the body's governing rules.

## **Types of Deliberative Assembly**

The deliberative assembly may exist in many forms. Among the principal types are:

- The Mass Meeting
- The Local Assembly of an Organized Society
- The Convention
- The Legislative Body
- The Board

(For more information on the specific characteristics of each of these Assemblies, see National Association of Parliamentarians, <http://www.parliamentarians.org/parlpro.htm>)

## **Procedure for Handling a Main Motion: Obtaining and Assigning the Floor**

1. A member rises when no one else has the floor and addresses the chair: "Mr./Madam President, Mr./Madam Chairman" or by other proper title.
  - A. In a large assembly, the member gives name and identification.
  - B. The member remains standing and awaits recognition by the chair.
2. The chair recognizes the member by announcing his name or title, or in a small assembly, by nodding to him.

## **How the Motion is Brought before the Assembly**

1. The member makes the motion: "I move that (or 'to')..." and resumes his seat.
2. Another member, without rising, seconds the motion: "I second the motion" or "I second it" or even "second."
3. The chair states the motion: It is moved and seconded that ... Are you ready for the question?"

## **Consideration of the Motion**

1. Members can debate the motion.
  - A. Before speaking in debate, members obtain the floor as stated above.
  - B. The maker of the motion has first right to the floor if he or she claims it properly.
  - C. All remarks must be addressed to the chair.

- D. Debate must be confined to the merits of the motion.
- E. Debate can only be closed by order of the assembly (2/3 vote) or by the chair if no one seeks the floor for further debate.
- 2. The chair puts the motion to a vote.
  - A. The chair asks: "Are you ready for the question?" If no one rises to claim the floor, the chair proceeds to take the vote.
  - B. The chair says: "The question is on the adoption of the motion that... As many as are in favor, say 'Aye'. (Pause for response.) Those opposed, say 'No'. (Pause for response.)"
- 3. The chair announces the result of the vote.
  - A. "The ayes have it, the motion is adopted, and ... (indicating the effect of the vote)," or
  - B. "The noes have it, and the motion is lost."

### **Thirteen Ranking Motions**

**Privileged Motions** are such that, while having no relation to the pending question, are of such urgency, or importance, that they are entitled to immediate consideration; relate to members, and to the organization, rather than to particular items of business.

**Subsidiary Motions** are those that may be applied to another motion for the purpose of *modifying* it, *delaying* action on it, or *disposing* of it.

**Main Motion** is the basis of all parliamentary procedure by providing a method of bringing business before the assembly for consideration and action. It can only be considered if no other business is pending.

**How Motions are Processed**  
(National Association of Parliamentarians)

	Is it in order when another has the	Does it require a second?	Is it debatable?	Is it amendable?	What vote is required for adoption?	May it be reconsidered?	
*Fix the time which to adjourn	No	Yes	No	Yes	M	Yes	PRIVILEGED
**Adjourn	No	Yes	No	No	M	No	
*Recess	No	Yes	No	Yes	M	No	
Raise a question of Privilege	Yes	No	No	No	(1)	No	
Call for the orders of the day	Yes	No	No	No	(2)	No	
Lay on the table	No	Yes	No	No	M	No	
Previous question	No	Yes	No	No	2/3	Yes	
Limit or extend limits of debate	No	Yes	No	Yes	2/3	Yes(3)	SUBSIDIARY
Postpone to a certain time (definitely)	No	Yes	Yes	Yes	M(4)	Yes	
Commit (refer to a committee)	No	Yes	Yes	Yes	M	Yes(5)	
Amend	No	Yes	Yes(6)	Yes	M	Yes	
Postpone indefinitely	No	Yes	Yes	No	M	aff. only	
Main Motion	No	Yes	Yes	Yes	M	Yes	MAIN

**Based on Roberts Rules of Order**

- \* A main motion if made when no business pending
- \*\* Check RONR for specific rules
- (1) Chair grants
- (2) No vote; Demand
- (3) Unexecuted part may be reconsidered
- (4) 2/3 vote if made a special order
- (5) Only if committee has not started work
- (6) If applied to a debatable motion
- Using an agenda (start on time and end on time)

## Sample A Meeting Agenda

The following sample agenda represents the typical format and content of a board meeting agenda. This sample should be customized to the particular culture and purpose of the agency.

**(Name of Agency)**  
**Board Meeting Agenda**  
(Month Day, Year)  
(Location)  
(Planned Starting Time to Ending Time)

Activity	Action
Minutes from previous meeting	Approval
Chief Executive's Report	Discussion
Finance Committee's Report	Approve Budget Changes
Development Committee's Report ( <i>nonprofit</i> )	Approve Fundraising Plan
Board Development Committee	Approve Plans for Retreat Adopt Resolution to Change ByLaws
Other Business - Old - New - Announcements	
Roundtable Evaluation of Meeting Review of Actions from Meeting	
Adjourn	

*Note: Frequent reasons for poor board meetings are insufficient time to review materials before the meeting, insufficient member participation and poor time management during the meeting.*

**Sample B**  
**Board of Directors**  
**Meeting Minutes**

**Description of Minutes (see following sample report of minutes)**

The following sample represents typical format and content of a board meeting minutes report. This sample should be customized to the particular culture and purpose of the organization. Note that board meeting minutes are very important. Minutes are considered legal documents by the auditors, IRS and courts, and they represent the actions of the board. Many assert that if it's not in the minutes, it didn't happen.

There is no standardized level of content and format for board minutes. In courts, as important as what you did is that you were reasonable when you did it. Therefore, sufficient information should be included to describe how board members reasonably came to reasonable decisions.

Include the name of the organization, date and time of meeting, who called it to order, who attended and if there was a quorum, all motions made, any conflicts of interest or abstainments from voting, when the meeting ended, and who developed the minutes.

The secretary of the board usually takes minutes during meetings. Written minutes are distributed to board members before each meeting for member's review. Minutes for the previous meeting should be reviewed right away in the next meeting. Any changes should be amended to the minutes and a new version submitted before the next meeting, where the new version is reviewed to be accepted. Minutes should be retained in a manual and shared with all board members.



**Sample B continued**  
**Board Meeting Minutes**

**Name of Organization**  
(Board Meeting Minutes: Month Day, Year)  
(time and location)

**Board Members:**

Present: *[List names]*

Absent: *[List names]*

Quorum Present? *[Yes/No]*

Others Present: *[List names of non board members here]*

**Proceedings:**

- *Meeting called to order at 7:00 p.m. by Chair, [name]*
- *(Last month's) meeting minutes were amended and approved*
- *Chief Executive's Report: [Detail major decision points of report]*
- *Finance Committee report provided by Chair, [name]: [Detail major decision points of report]*
- *Board Development Committee's report provided by Chair, [name]: [Detail major decision points of report]*

**Other business:**

- *Assessment of the Meeting:*
- *Meeting adjourned at [time].*
- *Minutes submitted by Secretary, [name].*

## Sample C

### Board Attendance Policy

*Note: This policy is a sample that should be modified to suit the nature and needs of the organization.*

#### Purpose

This policy is intended to support full contribution of all board members. All board members receive a copy of this official policy. The policy is reviewed once a year and maintained in each member's Board Manual. The policy has been reviewed and authorized by the board (see signature and date below).

#### Definition of a Board Attendance Problem

A board-attendance problem occurs if any of the following conditions exist in regard to a board member's attendance to board meetings:

1. The member has two un-notified absences in a row ("un-notified" means the member did not call ahead to a reasonable contact in the organization before the upcoming meeting to indicate he or she would be gone from the upcoming meeting).
2. The member has three notified absences in a row.
3. The member misses one third of the total number of board meetings in a twelve-month period.

#### Suggested Response to a Board-Attendance Problem

If a board-attendance problem exists regarding a member, the board chair will promptly contact the member to discuss the problem. The member's response will promptly be shared by the chair with the entire board at the next board meeting. In that meeting, the board will decide what actions to take regarding the board member's future membership on the board. If the board decides to terminate the board member's membership, termination will be conducted per this policy (or the process may be specified in the organization's bylaws). The board will promptly initiate a process to begin recruiting a new board member.

For example, the termination process might include that the board chair will call the member with the board-attendance problem and notify him or her of the board's decision to terminate the member's membership per the terms of the Board Attendance Policy. The chair will request a letter of resignation from the member to be received within the next two weeks. The chair will also request the member to return their board manual back to the agency by dropping it off at a specified location over the next two weeks. The board will vote regarding acceptance of the member's resignation letter in the next board meeting.

Board Chair's Signature Indicating Board Authorization \_\_\_\_\_ Date \_\_\_\_\_

(Board Policy Last Revised: [insert date])

## Key Terms

*Parliamentary procedure*—A process that expedites business, maintains order, teaches the handling of motions and amendments, clarifies duties of officers, and ensures justice and quality.

*Roberts Rules of Order*—The term "rules of order" refers to written rules of parliamentary procedure formally adopted by an assembly or an organization. Such rules relate to the orderly transaction of business in meetings and to the duties of officers in that connection. The object of rules of order is to facilitate the smooth functioning of the assembly and to provide a firm basis for resolving questions of procedure that may arise.

## Resources

- Andriga, R. C., & Engstrom, T. W. (1997). *Nonprofit Board Answer Book: Practical Guidelines for Board Members and Chief Executives*. National Center for Nonprofit Boards.
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Zeitlin, D.A. & Dorn, S.E. (1996). *The nonprofit board's guide to bylaws*. Washington, D.C.: National Center for Nonprofit Boards.

**Websites:**

[www.rulesonline.com](http://www.rulesonline.com) (Rules Online)

<http://www.parliamentarians.org/parlipro.htm> (National Association of Parliamentarians)

<http://www.mapnp.org/library/boards/minutes.htm>

<http://www.mapnp.org/library/boards/brdvsstf.htm> (The Management Assistance Program for Nonprofits)

<http://www.mapnp.org/library/boards/minutes.htm>

[http://charitychannel.com/printer\\_135.shtml](http://charitychannel.com/printer_135.shtml)

TransitionGuides, 1751 Elton Road, Suite 204, Silver Spring, MD 20903.